



Cromwell EREIT Danish Properties K/S

Axeltorv 6, 5. th
1609 København V
CVR No. 43383167

Annual report 01.07.2022 - 31.12.2023

The Annual General Meeting adopted the annual report on 24.04.2024

Marcus Holmgren Vigsø
Chairman of the General Meeting

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Entity details

Entity

Cromwell EREIT Danish Properties K/S

Axeltorv 6, 5. th

1609 København V

Business Registration No.: 43383167

Registered office: København

Financial year: 01.07.2022 - 31.12.2023

Executive Board

Marcus Holmgren Vigsø

Louis-Foulques 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 Cromwell EREIT Danish Properties K/S for the financial year 01.07.2022 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.07.2022 - 31.12.2023.

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, 24.04.2024

Executive Board

Marcus Holmgren Vigsø

Louis-Foulques Servajean-Hilst

Andreas Hoffmann

Independent auditor's extended review report

To the shareholders of Cromwell EREIT Danish Properties K/S

Conclusion

We have performed an extended review of the financial statements of Cromwell EREIT Danish Properties K/S for the financial year 01.07.2022 - 31.12.2023, 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.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.07.2022 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting 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 extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of Management and, if appropriate, of other entity

personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

Our conclusion 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 extended review 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 extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 24.04.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Kronow

State Authorised Public Accountant
Identification No (MNE) mne19708

Management commentary

Primary activities

Cromwell EREIT Danish Properties KS' (the « Entity ») purpose is to invest in commercial properties and through active management to optimize the operation.

The entity has 1 asset in greater Copenhagen, which is Sognevej 25, Brøndbyvester

Description of material changes in activities and finances

Loss for the year before tax amounts to DKK 15,497 thousand, including a negative value adjustment of DKK 21,482 thousand.

The Russian invasion of Ukraine in February 2022 has led to many disruptive and destabilizing 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 also increased in 2023 however not at the same level as in 2022 but still 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 2023 its impact on global markets and trade amplified, also in Denmark where the Entity's property is 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. However, the Entity is relatively well-positioned to handle the uncertainty given its positive cash flow, which is reflected in its DKK 1.2 mio. 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 property's value is 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 2022/23

	Notes	2022/23 DKK
Revenue		12,816,516
Other external expenses		(3,182,884)
Gross profit/loss		9,633,632
Other financial income		152,941
Other financial expenses	2	(3,801,439)
Profit/loss before fair value adjustments and tax		5,985,134
Fair value adjustments of investment property		(21,482,394)
Profit/loss for the year		(15,497,260)
Proposed distribution of profit and loss:		
Retained earnings		(15,497,260)
Proposed distribution of profit and loss		(15,497,260)

Balance sheet at 31.12.2023

Assets

	Notes	2022/23 DKK
Investment property		116,000,000
Property, plant and equipment	3	116,000,000
Fixed assets		116,000,000
Trade receivables		662,058
Other receivables		276,147
Prepayments		221,750
Receivables		1,159,955
Cash		1,233,614
Current assets		2,393,569
Assets		118,393,569

Equity and liabilities

	Notes	2022/23 DKK
Contributed capital		1,002
Retained earnings		51,831,408
Equity		51,832,410
Prepayments received from customers		2,303,100
Payables to group enterprises		61,896,899
Non-current liabilities other than provisions	4	64,199,999
Prepayments received from customers		425,474
Trade payables		1,221,285
Other payables		714,401
Current liabilities other than provisions		2,361,160
Liabilities other than provisions		66,561,159
Equity and liabilities		118,393,569
Uncertainty relating to recognition and measurement	1	
Employees	5	
Group relations	6	

Statement of changes in equity for 2022/23

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Contributed upon formation	1,000	0	0	1,000
Increase of capital	2	67,328,668	0	67,328,670
Transferred from share premium	0	(67,328,668)	67,328,668	0
Profit/loss for the year	0	0	(15,497,260)	(15,497,260)
Equity end of year	1,002	0	51,831,408	51,832,410

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 2023, the property have been recognised at a fair value of DKK 116 million.

At 31 December 2023, 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 3.

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

	2022/23
	DKK
Financial expenses from group enterprises	3,506,649
Other interest expenses	6,657
Exchange rate adjustments	288,133
	3,801,439

3 Property, plant and equipment

	Investment property DKK
Additions	137,482,394
Cost end of year	137,482,394
Fair value adjustments for the year	(21,482,394)
Fair value adjustments end of year	(21,482,394)
Carrying amount end of year	116,000,000

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 116,000 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 2023, the market value has been assessed using an individually fixed rate of return between 7,2% and 8,2%. The average rate of return can be calculated at 7,7%.

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	7,2%	7,7%	8,2%
Fair value	124,078	116,000	108,910
Change in fair value	8,078	0	(7,090)

The valuation of the year has resulted in a revaluation of DKK -21,482 thousand.

4 Non-current liabilities other than provisions

	Due after more than 12 months 2022/23 DKK
Prepayments received from customers	2,303,100
Payables to group enterprises	61,896,899
	64,199,999

5 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

6 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.

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.

Income statement

Revenue

Revenue is rental income from renting out properties is recognized in the income statement for the period to which the income relates.

Rental income is measured at fair value and calculated excl. VAT and discounts.

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 the Entity's normal activities, including expenses for premises, stationery and office supplies, etc. This item also includes writedowns of receivables recognised in current assets.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities etc.

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 applying the yield-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

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.