



CER III Denmark Residential 3 K/S

Meldahlsgade 5
1613 Copenhagen V
CVR No. 42207853

Annual report 01.07.2023 - 30.06.2024

The Annual General Meeting adopted the
annual report on 06.12.2024

Mikkel Hanskov
Chairman of the General Meeting

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Entity details

Entity

CER III Denmark Residential 3 K/S

Meldahlsgade 5

1613 Copenhagen V

Business Registration No.: 42207853

Registered office: Copenhagen

Financial year: 01.07.2023 - 30.06.2024

Executive Board

CER III Denmark 3 ApS

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Executive Board has today considered and approved the annual report of CER III Denmark Residential 3 K/S for the financial year 01.07.2023 - 30.06.2024.

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 30.06.2024 and of the results of its operations for the financial year 01.07.2023 - 30.06.2024.

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, 06.12.2024

Executive Board

CER III Denmark 3 ApS

Independent auditor's report

To the shareholders of CER III Denmark Residential 3 K/S

Opinion

We have audited the financial statements of CER III Denmark Residential 3 K/S for the financial year 01.07.2023 - 30.06.2024, 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 30.06.2024 and of the results of its operations for the financial year 01.07.2023 - 30.06.2024 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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 06.12.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Thomas Frommelt Hertz

State Authorised Public Accountant
Identification No (MNE) mne31543

Niels Frøland Johansen

State Authorised Public Accountant
Identification No (MNE) mne50624

Management commentary

Primary activities

The objective of the Company is to acquire real estate properties for investment purposes.

Development in activities and finances

The result for the year 2023/24 is a loss of DKK 12,764 thousand compared to a loss of DKK 48,975 thousand in 2022/23. The Company's balance sheet at 30 June 2024 showed equity of DKK 23,373 thousand.

The result is significantly affected by the fair value adjustment of the company's investment property, as it is recognized at fair value based on a discounted cashflow model. This year's fair value adjustment, which is recognized in the income statement, amounts to a loss of DKK 17,000 thousand.

Uncertainty relating to recognition and measurement

The company's Investment property is measured at fair value, which at the balance date is DKK 248M. The fair value of the property is calculated on the basis of a number of assumptions, including the expected normal earnings of the property and fixed yield claims, as mentioned in the description of the accounting policies used.

The yield requirement is set so that it is considered to reflect the current yield requirements of the market on similar property.

For further description we refer to note 1.

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 2023/24

	Notes	2023/24 DKK	2022/23 DKK
Gross profit/loss		8,507,653	8,149,034
Fair value adjustments of investment property		(17,000,000)	(52,848,470)
Operating profit/loss		(8,492,347)	(44,699,436)
Other financial income		3,323	0
Other financial expenses	1	(4,274,982)	(4,276,020)
Profit/loss for the year		(12,764,006)	(48,975,456)
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		4,236,000	3,873,000
Retained earnings		(17,000,006)	(52,848,456)
Proposed distribution of profit and loss		(12,764,006)	(48,975,456)

Balance sheet at 30.06.2024

Assets

	Notes	2023/24 DKK	2022/23 DKK
Investment property		248,000,000	265,000,000
Property, plant and equipment	2	248,000,000	265,000,000
Fixed assets		248,000,000	265,000,000
Trade receivables		1,037	2,083
Other receivables		41,914	14,971
Contributed capital in arrears		100,000	100,000
Receivables		142,951	117,054
Cash		9,809,099	10,433,669
Current assets		9,952,050	10,550,723
Assets		257,952,050	275,550,723

Equity and liabilities

	Notes	2023/24 DKK	2022/23 DKK
Contributed capital		0	0
Unpaid contributed capital		100,000	100,000
Retained earnings		23,037,233	40,037,239
Proposed dividend		4,236,000	3,873,000
Equity		27,373,233	44,010,239
Mortgage debt		161,121,169	161,230,314
Payables to group enterprises		64,210,000	64,210,000
Non-current liabilities other than provisions	3	225,331,169	225,440,314
Current portion of non-current liabilities other than provisions	3	111,527	111,679
Deposits		4,454,185	4,371,055
Trade payables		383,319	439,300
Payables to group enterprises		94,904	1,154,244
Other payables		203,713	23,892
Current liabilities other than provisions		5,247,648	6,100,170
Liabilities other than provisions		230,578,817	231,540,484
Equity and liabilities		257,952,050	275,550,723
Employees	4		
Assets charged and collateral	5		

Statement of changes in equity for 2023/24

	Contributed capital DKK	Unpaid contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	0	100,000	40,037,239	3,873,000	44,010,239
Ordinary dividend paid	0	0	0	(3,873,000)	(3,873,000)
Profit/loss for the year	0	0	(17,000,006)	4,236,000	(12,764,006)
Equity end of year	0	100,000	23,037,233	4,236,000	27,373,233

Notes

1 Other financial expenses

	2023/24	2022/23
	DKK	DKK
Financial expenses from group enterprises	3,150,624	3,146,290
Other interest expenses	1,061,410	1,099,874
Other financial expenses	62,948	29,856
	4,274,982	4,276,020

Other financial expenses relates to interests from priority debt and intercompany debt.

2 Property, plant and equipment

	Investment property DKK
Cost beginning of year	281,448,470
Cost end of year	281,448,470
Fair value adjustments beginning of year	(16,448,470)
Fair value adjustments for the year	(17,000,000)
Fair value adjustments end of year	(33,448,470)
Carrying amount end of year	248,000,000

The company's investment property is a residential building with 70 residential units in Copenhagen, Denmark. The property has a total lettable area of 6,818 m².

The investment property, cf. the description of accounting policies, is measured at fair value based on a discounted cash flow valuation model.

The exit yield and discount rate, which is the basis for the valuation, is fixed for the property, considering the specific location, condition, tenant mix, non-terminability profile, tenants' standing and on an estimate of how the general property market is developing.

The exit yield used for the valuation as of 30 June 2024 is 4,22% (2022/23: 3,92%). The discount rate used for the valuation as of 30 June 2024 is 6,19% (2022/23: 5.96%). An increase in these key figures by 0,5% points will reduce the fair value by DKK 27,6M. A decrease in these key figures by 0,5% points will increase the fair value by DKK 32,5M.

An external appraiser has been used to determine the fair value.

3 Non-current liabilities other than provisions

	Due within 12 months 2023/24 DKK	Due within 12 months 2022/23 DKK	Due after more than 12 months 2023/24 DKK	Outstanding after 5 years 2023/24 DKK
Mortgage debt	111,527	111,679	161,121,169	164,421,134
Payables to group enterprises	0	0	64,210,000	64,210,000
	111,527	111,679	225,331,169	228,631,134

4 Employees

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

5 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The carrying amount of mortgaged properties is DKK 248M.

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.

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

Gross profit or loss

Gross profit or loss comprises rental income and external expenses.

Revenue

Revenue, comprising rental income, is recognised in the period which it relates.

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 ordinary activities, including administration costs etc.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises and amortisation of financial liabilities.

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 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.

Contributed capital in arrears

Contributed capital in arrears consists of capital subscribed, but not paid up, which is recognised as a separate amount receivable in assets and a separate reserve in equity (gross method). The amount receivable is measured at amortised cost.

Receivables

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

Cash

Cash comprises cash in bank deposits.

Dividend

Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities

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