20240624044456

Årsredovisning
CMNRE Rocky TopCo AB

Org.nr 559235-0036

Räkenskapsår 2023-01-01 - 2023-12-31

Fastställelseintyg

Undertecknad styrelseledamot i CMNRE Rocky TopCo AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den 16 maj 2024. Årsstämman beslutade att godkänna styrelsens förslag till hur vinsten ska fördelas.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Jyväskylä den 22 maj 2024

Juha Salokoski

20240624044458

CMNRE Rocky TopCo AB
559235-0036

Årsredovisning för räkenskapsåret 2023-01-01 - 2023-12-31

Styrelsen för CMNRE Rocky TopCo AB avger härmed följande årsredovisning.

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Alla belopp redovisas, om inte annat anges, i TKR (SEK).

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Förvaltningsberättelse

Verksamheten
Allmänt om verksamheten
Bolaget ska direkt eller indirekt, förvärva, äga och förvalta och sälja fast och lös egendom.
Bolaget har sitt säte i Stockholm, Sverige.

Företaget är ett dotterföretag till CMNRE II Investment S.a.r.l. (B245375).

Väsentliga händelser under och efter räkenskapsåret
Under 2023 fortsatte räntorna att stiga, vilket påverkade avkastningen på investeringar och avspeglades i värderingen av fastigheter. Den allmänna osäkerheten på marknaden har varit fortsatt hög. Men enligt företagets uppfattning förväntar vi oss att osäkerheten stabiliseras under 2024.

Betydande risker
På grund av branschens karaktär finns det risker i bolagets verksamhet eftersom det innehar andelar i koncernföretag som i sin tur äger fastigheter. De mest betydande riskerna hänför marknadshyror och likviditet på fastighetsmarknaderna. Den allmänna ekonomiska utvecklingen kan påverka hyresgästrelaterade risker inklusive risker i hyresintäkter bolaget erhåller, och därigenom indirekt påverka bolaget. Den kan även påverka investeringarnas marknadsvärde.

Anställda
Bolaget har inte haft några anställda under räkenskapsåret.

Flerårsöversikt	**2023**	**2022**	**2021**	**2020**
Nettoomsättning (tkr)	0	0	0	0
Resultat efter finansiella poster (tkr)	-178	-100	-27	0
Balansomslutning	568 858	438 468	397 212	25
Soliditet (%)	26,93 %	34,98 %	38,64 %	100,00 %

Förändringar i eget kapital

	Aktiekapital	**Balanserat resultat**	**Årets resultat**	**Totalt eget kapital**
Belopp vid årets ingång enligt fastställd balansräkning	25	153 450	-100	153 376
Omföring av föregående års resultat	0	-100	100	0
Årets resultat	0	0	-178	-178
Belopp vid årets utgång	**25**	**153 351**	**-178**	**153 197**

Ovillkorade aktieägartillskott uppgår per balansdagen till kr 153 476 569 (kr 153 476 659).

Förslag till resultatdisposition
Styrelsen föreslår att till förfogande stående vinstmedel

Balanserat resultat		153 350 531
Årets resultat		-178 273
Balanseras i ny räkning	kronor	**153 172 258**

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Resultaträkning

	Not	2023-01-01 - 2023-12-31	2022-01-01 - 2022-12-31
Rörelsekostnader			
Övriga externa kostnader		-178	-101
Summa rörelsekostnader		**-178**	**-101**
Rörelseresultat		**-178**	**-101**
Finansiella poster			
Övriga ränteintäkter och liknande resultatposter	3	20 563	14 833
Räntekostnader och liknande resultatposter	4	-20 563	-14 831
Summa finansiella poster		**0**	**2**
Resultat efter finansiella poster		**-178**	**-100**
Resultat före skatt		**-178**	**-100**
Årets resultat		**-178**	**-100**

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Balansräkning

	Not	2023-12-31	2022-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	5-6	153 302	153 302
Fordringar hos koncernföretag	8	370 476	260 476
		523 778	413 778
Summa anläggningstillgångar		523 778	413 778
Kortfristiga fordringar			
Fordringar hos koncernföretag		45 005	24 543
Övriga fordringar		25	25
		45 030	24 568
Kassa och bank		51	122
Summa omsättningstillgångar		45 080	24 690
SUMMA TILLGÅNGAR		568 858	438 468

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Balansräkning

	Not	2023-12-31	2022-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		25	25
		25	**25**
Fritt eget kapital			
Balanserat resultat		153 351	153 450
Årets resultat		-178	-100
		153 172	**153 351**
Summa eget kapital		**153 197**	**153 376**
Långfristiga skulder			
Skulder till koncernföretag	7	370 476	260 476
Summa långfristiga skulder		**370 476**	**260 476**
Kortfristiga skulder			
Leverantörsskulder		29	0
Skulder till koncernföretag		45 129	24 566
Upplupna kostnader och förutbetalda intäkter		27	50
Summa kortfristiga skulder		**45 184**	**24 616**
SUMMA EGET KAPITAL OCH SKULDER		**568 858**	**438 468**

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Noter

Not 1. Redovisnings- och värderingsprinciper

Allmänna upplysningar
Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2016:10, Årsredovisning i mindre aktiebolag (K2).

Fordringar, skulder och avsättningar
Fordringar har värderats till det lägsta av anskaffningsvärde och det belopp varmed de beräknas bli reglerade.

Övriga tillgångar, skulder samt avsättningar har värderats till anskaffningsvärden om annat ej anges.

Not 2. Koncernförhållanden
Företaget är moderföretag men med hänvisning till undantagsreglerna i Årsredovisningslagen 7 kap 2 § upprättas ingen koncernredovisning. Närmast överordnade moderföretag som upprättar koncernredovisning i vilken företaget ingår är CapMan Nordic Real Estate III FCP-RAIF (K1810) med säte i Luxemburg.

Not 3. Ränteintäkter och liknande resultatposter

	2023	2022
Ränteintäkter, koncernföretag	20 562	14 833
Övriga ränteintäkter och liknande resultatposter	1	0
	20 563	14 833

Not 4. Räntekostnader och liknande resultatposter

	2023	2022
Räntekostnader, koncernföretag	20 563	14 831
	20 563	14 831

Not 5. Andelar i koncernföretag

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	153 302	153 302
Utgående ackumulerade anskaffningsvärden	**153 302**	**153 302**

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Not 6. Specifikation av andelar i koncernföretag

Namn	Kapital-andel	Rösträtts-andel	Antal andelar	Bokfört värde
CMNRE Rocky HoldCo AB	100 %	100 %	25 000	153 302
Summa				153 302

	Org.nr.	Säte	Eget kapital*	Årets resultat*
CMNRE Rocky HoldCo AB	559235-0044	Stockholm	132 442	-17 111

*Eget kapital samt Årets resultat har angetts i sin helhet oavsett ägarandel.
Med Årets resultat avses resultat efter finansiella poster

Not 7. Långfristiga skulder

	2023-12-31	2022-12-31
Förfaller mellan 2 och 5 år efter balansdagen		
Skulder till koncernföretag	370 476	260 476
	370 476	**260 476**

Not 8. Ställda säkerheter och eventualförpliktelser

	2023-12-31	2022-12-31
Säkerheter ställda till förmån för koncernföretag		
Andelar i koncernföreteg, CMNRE Rocky HoldCo AB	153 302	153 302
Lånefordringar hos koncernföreteg	370 476	260 476
	523 778	**413 778**

Not 9. Nyckeltalsdefinitioner

Nettoomsättning
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktskorrigeringar.

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader, men före bokslutsdispositioner och skatt.

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutningen.

Stockholm den dag som framgår av vår elektroniska signatur

Magnus Berglund
Ordförande

Marcus Lotzman
Ledamot

Juha Salokoski
Ledamot

Vår revisionsberättelse har lämnats den dag som framgår av vår elektroniska underskrift
Ernst & Young AB

Camilla Norell
Auktoriserad revisor

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List of Signatures

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Årsredovisning CMNRE Rocky TopCo AB 2023.pdf

Name	Method	Signed at
CAMILLA NORELL	BANKID	2024-03-28 15:41 GMT+01
Juha Matti Satokoski	Mobiilivarmenne	2024-03-26 15:43 GMT+01
Marcus Erik Jonas Lotzman	BANKID	2024-03-26 15:04 GMT+01
MAGNUS BERGLUND	BANKID	2024-03-26 09:46 GMT+01

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Building a better working world

Revisionsberättelse

Till bolagsstämman i CMNRE Rocky TopCo AB, org.nr 559235-0036

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för CMNRE Rocky TopCo AB för räkenskapsåret 2023-01-01 - 2023-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av CMNRE Rocky TopCo ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till CMNRE Rocky TopCo AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om beslut har fattats om att avveckla verksamheten.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om att årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning av CMNRE Rocky TopCo AB för räkenskapsåret 2023-01-01 - 2023-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till CMNRE Rocky TopCo AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm den dag som framgår av vår elektroniska signatur

Ernst & Young AB

Camilla Norell
Auktoriserad revisor

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"Med min signatur bekräftar jag innehållet och alla datum i detta dokumentet."

CAMILLA NORELL
Undertecknare 1
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2024-03-28 15:01:06 UTC

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CapMan Nordic Real Estate III FCP-RAIF

(Fonds Commun de Placement -
Reserved Alternative Investment Fund
RCS: K2036)

Consolidated Financial Statements for the financial year ended
31 December 2023

20241218005547

CapMan Nordic Real Estate III FCP-RAIF

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202412180548

CapMan Nordic Real Estate III FCP-RAIF

Organisation and Administration of the Fund

Manager
CapMan Real Estate Manager S.A.
1B, Heienhaff
Senningerberg
L-1736 Luxembourg

Board of Directors of the Manager
Ms. Svetlana Panfilova
Mr. Paul-Arnaud de Stexhe
Mr. Nicolai Von den Benken

Alternative Investment Fund Manager ("AIFM")
CapMan AIFM Oy
6, Ludviginkatu
00130 Helsinki, Finland

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London E1 6PW

Investment Advisors
CapMan Real Estate Team

CapMan Real Estate Oy
Ludviginkatu 6
00130 Helsinki

CapMan AB
Stureplan 13, 3rd fl
111 45 Stockholm

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CapMan Nordic Real Estate III FCP-RAIF

Consolidated management report

General

CapMan Nordic Real Estate III FCP-RAIF (hereinafter the 'Fund'), was established on 6 August 2020. The Fund and its directly and indirectly owned subsidiaries are together referred to as the "Group".

The Fund is structured as a closed-ended co-ownership of securities (fonds commun de placement) established under and subject to the Luxembourg Law of 23 July 2016.

The management company of the Fund is CapMan Real Estate Manager S.A. (the "Management Company"). The Management Company has appointed CapMan AIFM Oy as the alternative investment fund manager (the "AIFM") to the Fund, to carry out the portfolio management, the risk management, the administration, marketing and asset management function of the Fund.

Investment strategy

The Fund has been established to invest in a diversified portfolio of real estate and real estate related opportunities located in Sweden, Finland, Denmark and Norway. The objective of the Fund is to deliver superior risk-adjusted returns through the active hands-on management of properties. The Fund will seek to provide a gross internal rate of return of over 15% before management fees and carried interest, although there can be no assurance that this return objective will be achieved. The Fund has in total EUR 563.7 million capital commitments as of 31 December 2023 (2022: EUR 563.7million). The Fund held its final closing in March 2021. As of 31 December 2022, EUR 261.9 million was invested and in total EUR 187.4 million committed (2022: EUR 190.8 million invested and EUR 160.9 million committed).

Economic overview

Economic headlines

Nordic transaction market shrunk a notable +50% in 2023. The logistics and residential sectors continued to stand out as the most active segments. With core capital activity constrained, value-add and opportunistic investors were more active in the market. The increased cost of debt, financial strains, and liquidity issues created opportunities to acquire distressed assets. Despite these challenges, bond issuance activity surged in the H2 2023.

According to SEB's GDP forecast, the Nordic region suggests a faster decline in inflation alongside accelerated growth. This could lead to central banks contemplating reducing key interest rates sooner than previously anticipated. Looking ahead, a GDP forecast projects that the Nordic economies will grow 0.8% & 2.4% in 2024 and 2025 in comparison to the Euro area is to grow 0.5% & 1.8% respectively.

The Nordic real estate investment market continues to be impacted by the relatively high and volatile interest rate environment. As inflation expectations are gradually coming down, the European Central Bank has indicated that they are looking at rate cuts in 2024.

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As of 31 December 2023, the rate on the ECB's key interest rate, the deposit facility, which banks may use to make overnight deposits with the Eurosystem, was 4.0 per cent, but the deposit rate is forecast to come down to 2.0% by December 2025. In Sweden, (as of 31 December 2023) the key interest rate, the Repo Rate was 4.0%. The Riksbank is expected to cut the repo rate to 2.25% by December 2025. In Denmark, interest rates are set by Denmark's Nationalbank. Denmark conducts a fixed exchange- rate monetary policy which is aimed at keeping the Danish krone stable against the euro with the central bank changing the interest rates accordingly. Denmark's key interest rate, the certificate of deposit rate, was 3.6% as of 31 December 2023. The rate is expected to be reduced to 1.6 % by the end of 2025. In Norway, the key interest rate, the Policy Rate, is the interest rate banks receive on deposits up to their individual quotas in Norges Bank. As of 31 December 2023, the policy rate was 4.5% per cent and the policy rate is anticipated to go gradually down to 3.0% per cent by the end of 2025.

Current inflation rates in the Nordic countries are still above the central banks' joint target of around 2.0% per annum although inflation has been slowing down significantly towards the year end 2023. In 2023, inflation rate is expected to be 3.3% in Denmark (consumer prices), 4.3% in Finland (CPI, harmonised), 5.5% in Norway (CPI), and 6.0% in Sweden (CPIF). In 2024, inflation rate is forecast to decline to 1.0% in Denmark, 1.5% in Finland, 3.9% in Norway and 1.9% in Sweden.

Finland

Investment volumes in 2023 saw a 68% year-over-year decrease to €2.3 billion, the lowest level since 2012. Prime yields increased by 100-200 bps depending on sector since end of 2021, and a significant mismatch in price expectations was a major factor behind the sluggish transaction volume. Investors are becoming more realistic about current property values, which is expected to facilitate higher transaction volumes in 2024.

Residential, logistics and social infrastructure continue to attract investment demand while the more cyclical office and retail sectors lack demand from lower risk investors. Active net sellers, relative to their respective AUM, are Finnish open-ended special investment funds, which are facing pressure to meet redemptions and financing (covenants and refinancing) requirements. Value-add and opportunistic dry powder is actively seeking investment opportunities and have been active during H2 2023. Initial estimations suggest that residential will have significantly higher net sales rates in Q1 2024 than Y-o-Y. The CapMan team believes that this is due to relatively slower correction in yields (compared to interest rate decompression) incurring simultaneously as high LTV investor are refinancing, creates pressure to sell. Change in tenant demand in logistics may create a transitional change in the near futures as c.75% of stock is built before 2007 and the average age of stock is built on 1989.

Norway

Prime office and logistics yields are currently at 4.5% - 4.75% and 5.5% respectively, up from its lows of 3.25% and 3.85%. Property values seems to have bottomed out, but the significant increases in yields have been partly offset by high rental growth in excess of CPI for office, logistics and multifamily properties. The total transaction volume is still historically low but a narrowing gap on price expectations between buyers and sellers sets the scene for increased transaction volume over the next 12-18 months. New (construction) deliveries within most property sectors are low and is expected to stay so over the next years since construction starts are at historically low levels. The current situation with increased construction and financing costs and prolonged zoning time from municipalities makes it unlikely for developers to initiate significantly more projects soon.

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Sweden

The spotlight is on Sweden's residential transaction market, as it faced noticeable decline in new construction and investment volumes. Similarly, to their Nordic peers, the downturn was affected by a substantial mismatch between buyer and seller price expectations, macroeconomic instability, and conservative financing practices by banks. Despite banks demonstrating increased prudence in financing residential investments, positive signals have emerged recently with lower swap rates and increased activity in the bond market. These challenges highlighted the persistent gap between housing supply and demand, particularly noticeable in major cities like Stockholm and Gothenburg, exacerbating substantial housing shortages. The Swedish Housing Authority released a residential construction prognosis update, projecting a dramatic decrease in construction starts for 2023-2024, well below the homes needed annually until 2030. According to JLL's Market Outlook for 2024, Q1 is expected to be slightly cautious, with activity picking up gradually throughout the year, particularly starting in Q2. A more significant upswing in transaction activity is primarily forecasted for H2, supported by more stabilised interest rates, increased liquidity, and clearer directives regarding rental growth for new builds.

Denmark

CBRE predicts that prime values for real estate are expected to bottom out in 2024. If cost of debt remains high compression of yields seems unlikely. Core investors are staying in the sidelines. Similarly, to other Nordic peers, local banks are financing with lower LTVs. Gradual transaction increase to be seen as market gets more comfortable around new price levels. Residential and logistics are still favoured the most by investors as they have relatively strong short- and long-term fundamentals (e.g., demand, vacancy, rental growth, long-term capital city population growth). The fall in property values coupled with the increase in financing and construction costs is presenting challenges for profitability in refurbishing and repurposing older buildings. This situation might affect progress towards creating more sustainable and lower carbon-intensive portfolios in real estate. Residential construction is facing similar issues as in other Nordic peers. The current need of housing for the next 6 years in Copenhagen is 17,000 households. Simultaneously construction was 35% lower than pre-global financial crisis average in 2023. In office sector demand for prime space has remained strong. Quality, location, flexibility, ESG credentials and amenities seems to be the key factors appealing to tenants, according to CBRE. Logistic sector still has strong fundamentals despite rapid growth during pandemic. E-commerce growth is estimated to grow, yet in a more modest level. Prime rents are estimated to grow at around 4% p.a. in Denmark in the near future. Vacancy remains low currently below 2% all stock

Overview of the activity in 2023

During 2023 the Fund invested in total EUR 42.1 million in one new investment and existing assets in the portfolio (2022: EUR 125.5 million). The Fund distributed EUR 10,1 million to the investors in 2023 as return of capital.

Remaining equity as of 31 Dec 2023 was EUR 288.8 million (2022: EUR 372.9 million).

The Fund made one new investment in 2023 named S6, which is a prime office tower property at Majorstuen, Oslo, Norway.

The Fund made one exit in 2023, Project Tool, an industrial building in Köping, Sweden.

New equity capital was also invested into the existing assets in the portfolio to finance the development and refurbishment works on-going. In addition to the investments completed during 2023, the Fund signed an agreement to acquire Seminaarin koulu, school building in Hämeenlinna, Finland. That transaction was closed in February 2024.

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During 2023 the revenues amounted to TEUR 21,311 (2022: TEUR 14,816) and the net rental income was TEUR 10,752 (2022: TEUR 8,118). The fair value loss of the properties was TEUR 22,602 (2022: gain TEUR 34,564). Net result attributable to Unitholders for the year was TEUR -44,057 (2022: TEUR 18,412). As of December 31, 2023, the Net assets attributable to the unitholders of the Fund was TEUR 248,985 (2022: TEUR 208,313).

Outlook for the Group

The Fund continues to actively seek and execute new investment opportunities in accordance with its strategy.

Auditors

The consolidated financial statements of CapMan Nordic Real Estate III FCP-RAIF are audited by Ernst & Young S.A., Luxembourg.

Acquisition of Company units

No Company' units were held by the Company itself or by its subsidiaries or by a person acting in his own name but on behalf of these subsidiaries.

Sustainable Finance Disclosure Regulation (SFDR)

The Fund was closed for new investments and not made available to the investors when the Sustainable Finance Disclosure Regulation ("SFDR") came into the force and does not take into account the EU criteria for environmentally sustainable economic activities.

Subsequent events

On February 22, 2024, the Fund sent drawdown notices to its Limited Partners for a total amount of TEUR 4,000 and payment due date of March 15, 2024 in order to invest in projects Vreten, Royal Park and Homeland.
In addition on February 28, 2024, the Fund sent drawdown notices to its Limited Partners for a total amount of TEUR 2,140 and payment due date of March 20, 2024 related to the collection of the fund's management fees for the period from 1 January 2024 to 30 June 2024.
On April 15, 2024, the Fund sent drawdown notices to its Limited Partners for a total amount of TEUR 18,000 and payment due date of May 7, 2024 in order to invest in projects Henry, Vreten, Städet, Royal Park and Seminaarin koulu.

The loan maturity of Sadelplatsen (Jaguar) was extended with Pareto on March 19th, new maturity for the loan is 27/09/2025.
The Fund has a credit facility with SEB. To repay the facility of EUR 10,5 million maturing in H1/2023 the Fund has issued capital call from the Unitholders of the Fund.

On February 15, 2024 the Fund completed the acquisition of Seminaarin koulu in an asset deal. The bank loan in Project Jaguar matured on March, 27 2024 and was subsequently refinanced with Pareto bank at the same principal with new maturity being on September, 27 2025.

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Independent auditor's report

To the Unitholders of
CapMan Nordic Real Estate III FCP-RAIF
1B, Heienhaff
L-1736 Senningerberg
Luxembourg

Opinion

We have audited the consolidated financial statements of CapMan Nordic Real Estate III FCP-RAIF (the "Fund"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Other information

The Board of Directors of the CapMan Real Estate Manager S.A. (the "Management Company") is responsible for the other information. The other information comprises the information included in the consolidated management report but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Management Company for the consolidated financial statements

The Board of Directors of the Management Company is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors of the Management Company determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors of the Management Company is responsible for assessing the Fund'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 the Board of Directors of the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 consolidated financial statements.

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As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Management Company.
- Conclude on the appropriateness of Board of Directors of the Management Company use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated 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 report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Fund to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Fund audit. We remain solely responsible for our audit opinion.

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.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Pavel Nesvedov

Luxembourg, 29 April 2024

A member firm of Ernst & Young Global Limited

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CapMan Nordic Real Estate III FCP-RAIF

Consolidated Statement of Financial Position
(In EUR thousands)

	Notes	December 31, 2023	December 31, 2022
Assets			
Non-current assets			
Investment property	8	606,658	477,722
Derivative financial instruments	10	3,244	5,127
Deferred income tax assets	13	619	511
Total non-current assets		**610,521**	**483,360**
Current assets			
Rent and other receivables	11	6,728	4,285
Cash and cash equivalents		25,485	56,519
Total current assets		**32,213**	**60,804**
Total assets		**642,734**	**544,164**
Liabilities			
Non-current liabilities			
Lease liability	9	14,656	9,091
Borrowings	12	265,076	233,646
Deferred income tax liabilities	13	9,748	11,417
Derivative financial instruments	10	327	251
Other non-current liabilities	14	1,402	1,349
Total non-current liabilities		**291,209**	**255,754**
Current liabilities			
Lease liability	9	540	423
Derivative financial instruments	10	525	-
Borrowings	12	68,834	56,397
Income tax liabilities		1,160	1,014
Trade and other current liabilities	14	28,800	18,349
Total current liabilities		**99,859**	**76,183**
Total liabilities (excluding Net assets attributable to unitholders of the Fund and non-controlling interest)		**391,068**	**331,937**
Net assets attributable to unitholders of the Fund	**15**	**248,985**	**208,313**
Net assets attributable to non-controlling interest		**2,681**	**3,914**
Net assets attributable to unitholders of the Fund and non-controlling interest		**251,666**	**212,227**
Total liabilities		**642,734**	**544,164**

The accompanying notes form an integral part of these consolidated financial statements

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CapMan Nordic Real Estate III FCP-RAIF

Consolidated Statement of Comprehensive Income
(In EUR thousands)

	Notes	For the year ended 31 December 2023	For the year ended 31 December 2022
Rental income	16	19,117	13,450
Revenue from services to tenants	16	2,194	1,366
Property operating expenses	17	(10,559)	(6,698)
Net rental income		**10,752**	**8,118**
Administrative and other expenses	18	(9,100)	(8,043)
Profit / (loss) on disposals of subsidiaries	21	(3,572)	-
Net unrealised gains / (losses) from fair value adjustments on investment property	8	(22,602)	34,564
Operating profit / (loss)		**(24,522)**	**34,639**
Finance income	19	1,544	3,456
Finance costs	19	(24,566)	(10,610)
Profit / (loss) before income tax		**(47,544)**	**27,485**
Income tax gain / (expense)	13	2,259	(8,238)
Profit / (loss) for the year		**(45,285)**	**19,247**
- attributable to unitholders of the Fund		(44,057)	18,412
- attributable to non-controlling interest		(1,228)	835
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		653	(3,747)
Total other comprehensive (expense)/income for the period		**653**	**(3,747)**
Total comprehensive income/(loss) for the period		**(44,632)**	**15,500**
- attributable to unitholders of the Fund		(43,395)	14,665
- attributable to non-controlling interest		(1,237)	835

The accompanying notes form an integral part of these consolidated financial statements

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CapMan Nordic Real Estate III FCP-RAIF

Consolidated Statement of Cash Flows

(In EUR thousands)

	Notes	For the year ended 31 December 2023	For the year ended 31 December 2022
Cash flow from operating activities			
Profit before income tax		**(47,544)**	**27,485**
Adjustments:		**49,859**	**(27,366)**
Amortization of loan transaction costs	19	1,103	741
Fair value change of right-of-use assets		310	402
Net unrealised (gain)/losses from fair value adjustment on investment properties	8	22,292	(34,966)
(Gains)/Losses on disposals of subsidiaries		3,572	-
Finance expenses	19	23,463	9,869
Finance income	19	(1,544)	(3,456)
Other adjustments		663	44
Cash flow before changes in working capital		**2,315**	**119**
(Increase) / decrease in rent and other receivables		(1,013)	(806)
Increase / (decrease) in trade payables and other liabilities		(2,797)	875
Finance expenses paid		(17,726)	(6,037)
Loan arrangement cost paid		(437)	(1,801)
Tenant deposits received		1,007	3,105
Income taxes paid		(2,052)	(447)
Net cash used in operating activities		**(2,716)**	**(4,992)**
Cash flow from investing activities			
Proceed from disposal of subsidiary		3,098	-
Acquisitions of investment property	8	-	(177,191)
Acquisition of subsidiaries net of cash acquired	21	(80,316)	(17,958)
Subsequent expenditure on investment property and inventories	8	(60,035)	(45,094)
Deposits paid		-	(186)
Net cash used in investing activities		**(155,240)**	**(240,429)**
Cash from financing activities			
Contribution from unitholders		84,067	87,516
Contribution from non-controlling interest		4	2,309
Proceeds from external borrowings	12	95,028	201,412
Repayment of external borrowings	12	(51,701)	-
Loan proceeds from unitholders and non-controlling interest	12	301	1,422
Finance lease payments		(630)	(190)
Net cash from financing activities		**127,069**	**292,469**
Net change in cash and cash equivalents		**(30,887)**	**47,048**
Cash and cash equivalents at the beginning of the year		56,519	9,848
Effects of exchange rate changes on cash and cash equivalents		(147)	(377)
Cash and cash equivalents end of period		**25,485**	**56,519**

The accompanying notes form an integral part of these consolidated financial statements

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CapMan Nordic Real Estate III FCP-RAIF

Consolidated Statement of Changes in Net Assets

(In EUR thousands)

	Net assets attributable to unitholders	Net assets attributable to non-controlling interest	Total
Net asset as at December 31, 2021	**107,215**	**770**	**107,985**
Issue of units	86,433	2,309	88,742
Net result of the year	18,412	835	19,247
Other comprehensive loss	(3,747)	-	(3,747)
Net asset as at December 31, 2022 (Note 15)	**208,313**	**3,914**	**212,227**
Issue of units	84,067	4	84,071
Net result of the year	(44,057)	(1,228)	(45,285)
Other comprehensive loss	662	(9)	653
Net asset as at December 31, 2023 (Note 15)	**248,985**	**2,681**	**251,666**

The accompanying notes form an integral part of these consolidated financial statements

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CapMan Nordic Real Estate III FCP-RAIF

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2023

1. General information

CapMan Nordic Real Estate III FCP-RAIF (hereinafter the "RAIF"), was established on 13 March 2020 by CapMan Real Estate Manager S.A., (hereinafter the "Management Company"). The RAIF is structured as a closed-ended co-ownership of securities (fonds commun de placement, FCP) established under and subject to the Luxembourg Law of 23 July 2016 (hereinafter the "RAIF law").

CapMan Nordic Real Estate III FCP-RAIF is being established to invest in a diversified portfolio of real estate and real estate related opportunities in Sweden, Finland, Denmark and Norway ("Nordic" or the "Nordic Region"). The objective of the RAIF is to deliver superior risk-adjusted returns through the active hands-on management of properties.

The consolidated financial statements for the year ended 31 December 2023 include the RAIF and its directly and indirectly owned subsidiaries (together referred to as the "Fund" or the "Group").

The Fund's financial year starts on 1 January and ends on 31 December of each year.

The Fund's consolidated financial statements are prepared in Euros (EUR) and presented in thousand Euros (TEUR).

The Fund prepares IFRS consolidated NAV on quarterly basis for investors reporting purposes.

The RAIF has been established for a limited period of 7 years, which is counted from the final closing date 5 March 2021, subject to two additional one year extensosions at the option of the Management Company, and subject, in the case of the second one year extension, to obtaining the consent of the Advisory Board to such extension.

These consolidated financial statements have been approved for issue by the Board of Directors of the Management Company on 29 April 2024.

2. Basis of preparation

The consolidated financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and adopted by the European Union.

The consolidated financial statements have been prepared under the historical cost convention, except for the measurement of investment properties at fair value, derivative financial instruments that have been measured at fair value.

As at 31 December 2023 the value of current liabilities are TEUR 57,466 and current assets are TEUR 32,213. The Fund has sufficient uncalled capital from the investors to cover any negative working capital and repay short-term Fund-level loans when those become due.

In addition, the expected rental income within one year is TEUR 19,498 and the availability of undrawn commitments from the Unitholders mitigates liquidity risk (note 16).

Taking above into consideration, the management believes that there is no risk for further operation of the Fund. Therefore, the Fund has prepared the financial statements on the basis that it will continue to operate as a going concern.

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3. Changes in accounting policies and disclosures

The accounting policies adopted, and methods of computation followed are consistent with those of the previous financial year, except for items disclosed below. There were several new and amendments to standards and interpretations which are applicable for the first time in 2023, but either not relevant or do not have an impact on the consolidated financial statements of the Group.

The following standards, amendments and interpretations to published standards became effective in 2023, are relevant and has been adopted by the Group:

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The amendments had no impact on the consolidated financial statements.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments had no impact on the consolidated financial statements.

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3. Changes in accounting policies and disclosures (continued)

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations

The amendments are effective for annual reporting period beginning on or after 1 January 2023. Earlier application is permitted.

The Group does not expect the amendments to have a significant impact on the consolidated financial statements.

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

right-of-use assets and lease liabilities, and
decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

IAS 12 did not previously address how to account for the tax effects of on balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The amendments had no impact on the consolidated financial statements, however, there was impact on note 13 "Income Tax" disclosure.

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3. Changes in accounting policies and disclosures (continued)

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information

In December 2021, the International Accounting Standards Board (IASB) issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17).

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

IFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after 1 January 2023.

The amendments had no impact on the consolidated financial statements.

Amendments to IFRS 17 Insurance Contracts: Including Amendments to IFRS 17

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Group.

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4. Standards issued but not yet effective

New and amended standards and interpretations issued but not effective up to the date of issuance of the Group's consolidated financial statements are disclosed below, if they are expected to have an impact on the Group's consolidated financial statements.

The Group intends to adopt these standards, if applicable, when they become effective. The adoption of these revised standards and interpretations are not expected to have a material effect on the financial performance or financial position of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

In May 2023, the International Accounting Standards Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. With the amendments, the IASB has introduced new disclosure requirements in IFRS Standards to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements.

The amendments will be effective for annual reporting periods beginning on or after 1st January 2024, with early application permitted.

The Group does not expect the amendments to have a significant impact on the consolidated financial statements.

Amendments to IAS 16 Leases: Lease Liability in a Sale and Leaseback

On 22 September 2022, the International Accounting Standards Board (the IASB or Board) issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (the amendment). The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

A sale and leaseback transaction involves the transfer of an asset by an entity (the seller-lessee) to another entity (the buyer-lessor) and the leaseback of the same asset by the seller-lessee.

The amendment is intended to improve the requirements for sale and leaseback transactions in IFRS 16. It does not change the accounting for leases unrelated to sale and leaseback transactions.

The amendment applies retrospectively to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. The Group does not expect the amendments to have a significant impact on the consolidated financial statements.

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4. Standards issued but not yet effective (continued)

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

The amendments in Lack of Exchangeability (Amendments to IAS 21) amend IAS 21 to:

- *Specify when a currency is exchangeable into another currency and when it is not* - a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
- *Specify how an entity determines the exchange rate to apply when a currency is not exchangeable* - when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- *Require the disclosure of additional information when a currency is not exchangeable* - when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The pronouncement also includes a new appendix with application guidance on exchangeability and a new illustrative example.

The amendments also extend to conforming amendments to IFRS 1 which previously referred to, but did not define, exchangeability. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.The Group does not expect the amendments to have a significant impact on the consolidated financial statements.

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4. Standards issued but not yet effective (continued)

Amendments to IAS 1 Presentation of Financial Statements:

- **Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020);**
- **Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and**
- **Non-current Liabilities with Covenants (issued on 31 October 2022)**

Amendments made to IAS 1 *Presentation of Financial Statements* in 2020 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarified what IAS 1 means when it refers to the 'settlement' of a liability. The amendments were due to be applied from 1 January 2022. However, the effective date was subsequently deferred to 1 January 2023 and then further to 1 January 2024.

In October 2022, the IASB made further amendments to IAS 1 in response to concerns raised about these changes to the classification of liabilities as current or non-current.

The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The Group does not expect the amendments to have a significant impact on the consolidated financial statements.

No other new standards, amendments to standards, or interpretations issued but not effective are expected by management to have a material impact on the Fund's consolidated financial statements.

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5. Summary of material accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied during the year and are considered to be material. Accounting policies are material when the users of the financial statements need the information to understand other material information. Material accounting policies also include transactions based on their nature, other events or conditions even if the amounts are immaterial.

5.A. Basis of consolidation

The consolidated financial statements of the Fund include the accounts of the Fund and its subsidiaries listed in Note 21.

Subsidiaries are all entities (including structured entities) over which the Fund has the control. The Fund controls an entity when it is exposed to or has right to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Specifically, the Fund controls an entity if the Fund has:

- Power over the entity (i.e., existing rights that give it the current ability to direct the relevant activities of the entity)
- Exposure, or rights, to variable returns from its involvement with the entity
- The ability to use its power over the entity to affect its returns

Generally, there is a presumption that a majority of voting rights results in control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Fund. They are deconsolidated from the date that control ceases.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Fund and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All the Fund entities have December 31 as their year end. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Fund.

Inter-company transactions, balances and unrealised gains on transactions between Fund companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Fund accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as net assets transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in changes in net assets.

Gains or losses on disposals to non-controlling interests are not recorded in the consolidated statement of comprehensive income.

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When the Fund ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated statement of profit and loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Fund had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

5.B. Property acquisition and business combinations

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

Busines combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Fund elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

For acquisitions of subsidiaries not meeting the definition of a business, the Fund allocates the cost between the individual identifiable assets and liabilities in the Fund based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill. Acquisition related costs are expensed as incurred.

5.C. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Fund's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Euros, which is the functional currency of the Fund and the Fund's presentation currency. The Fund uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the consolidated statement of profit and loss within finance costs and finance income respectively, unless they are capitalised as explained in Note 5.K. ("Borrowing costs"). All other foreign exchange gains and losses are presented net in the statement of other comprehensive income.

(iii) Translation to presentation currency

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The results and financial position of all the Fund entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;
b) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
c) all resulting exchange differences are recognised in the other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Fund's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all of the exchange differences accumulated in unitholder in respect of that operation attributable to the unitholder of the Fund are reclassified to consolidated statement of profit and loss.

In the case of a partial disposal that does not result in the Fund losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in consolidated statement of comprehensive income.

The foreign currency exchange rates used for the purpose of preparation of this consoldiated financial statements were:

2023

Company	Currency	Average	Closing
	DKK	7.4509	7.4529
	NOK	11.4248	11.2405
	SEK	11.4788	11.0960

2022

Company	Currency	Average	Closing
	DKK	7.4396	7.4365
	NOK	10.1026	10.5138
	SEK	10.6294	11.1218

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5.D. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Fund entities, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, is measured applying residual method until the fair value becomes reliably determinable or construction is completed – whichever is earlier.

Investment property comprises residential and office property that are not occupied substantially for use by, or in the operations of, the Fund, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. Transaction costs include only direct acquisition costs linked to due diligence costs such as legal costs, external valuer fees and tax structuring fees.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

For the purposes of these financial statements, in order to avoid double counting, the fair value reported in the financial statements in the case of investment property held under a lease is increased by the carrying amount of any liability to the head lessor that has been recognised in the statement of financial position as a finance lease obligation (Note 5.L.). Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Fund uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated statement of profit and loss during the financial period in which they are incurred.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Fund accounts for such property under property, plant and equipment up to the date of change in use.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Fund considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

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5.E. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial Assets

(i) Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient, the Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. As the Fund's rent and other trade receivables do not contain a significant financing component or for which the Fund has applied the practical expedient, they are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (OCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

(ii) Subsequent measurement

For purposes of subsequent measurement, the Fund's financial assets are classified in two categories:

- Financial assets at fair value through profit or loss (derivative financial instruments)
- Financial assets at amortised cost (rent and other trade receivables, contract assets and cash and short-term deposits)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments.

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Financial assets at amortised cost

For purposes of subsequent measurement, the Fund measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Since the Fund's financial assets (rent and other trade receivables, cash and short-term deposits) meet these conditions, they are subsequently measured at amortised cost.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Fund of similar financial assets) is primarily derecognised (i.e., removed from the Fund's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

(iv) Impairment

The Fund recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate.

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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For rent receivables, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date(i.e., a loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default). The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the tenants and the economic environment.

The Fund considers a financial asset in default following the rules below:

- 1.5% is considered to be in default for receivables overdue less than 30 days
- 7.5% is considered to be in default for receivables overdue 30 to 90 days
- 15% is considered to be in default for receivables overdue more than 90 days

However, in certain cases, the Fund may also consider a financial asset to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b) Financial liabilities

(i) Initial recognition and measurement

The Fund recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

The Fund's financial liabilities comprise interest-bearing loans and borrowings, lease liabilities, derivative financial instruments and trade and other payables. All financial liabilities are initially recognised at fair value and, with the exception of derivative financial instruments, net of directly attributable transaction costs.

Net assets attributable to unitholders

Net assets attributable to unitholders are classified as financial liability due to finite life of the RAIF and the fact that the RAIF is liable to repay capital contribution to each investor on liquidation or termination of the Fund. The RAIF, however, has an obligation to distribute of the sale proceeds from realization of investments in the course of the life of the RAIF and therefore does not fulfill all IAS 32 criteria to classify its units as equity.

(ii) Subsequent measurement

For the purposes of subsequent measurement, all financial liabilities, except derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derivative financial instruments are classified as financial assets at fair value through profit or loss and are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.F. Current and deferred income tax

The RAIF is domicilied in Luxembourg. Under the current laws of Luxembourg, there is no income tax payable by the RAIF. However, an annual subscription tax, at the rate of 0.01% per annum is levied on the Net assets of the RAIF on the last day of each quarter.

For other Fund companies, the tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit and loss, except to the extent that it relates to items recognised directly in other comprehensive income.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in OCI or in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, except for:

- When the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.
- In respect of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

The carrying value of the Fund's investment property is assumed to be realised by sale at the end of use. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the consolidated statement of financial position regardless of whether the Fund would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Fund and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred income tax assets related to right of use asset and deferred income tax liabilities related to lease liabilities are offset. In the notes the deferred tax liabilities and deferred tax assets are disclosed on gross-up basis.

5.G. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above. Outstanding bank overdrafts are presented in borrowings.

The Fund reports cash flows using the indirect method. Interest received and paid is presented within operating cash flows.

5.H. Rent receivables

Rent receivables are recognised at their original invoiced value except where the time value of money is material, in which case rent receivables are recognised at fair value and subsequently measured at amortised cost.

For the purposes of these financial statements, in order to avoid double counting, rent receivables reported in the financial statements do not include the carrying amount of accrued income resulting from the spreading of lease incentives and/or minimum lease payments. These amounts are included in valuation of investment property.

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5.I. Tenant deposits

Companies of the Fund obtain deposits from tenants as a guarantee for returning the property at the end of the lease term in a specified good condition. Tenants deposits are always short term. Tenant deposits are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term. Tenants deposits are always short term.

5.J. Provisions

Provisions are recognised when:

- The Fund has a present legal or constructive obligation as a result of past events.
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

5.K. Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of Groups. All borrowing costs are expensed in the period in which they are incurred.

5.L. Revenue recognition

Revenue includes rental income and services to tenants including management charges and other expenses recoverable from tenants.

Rental income

The Fund earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of comprehensive income due to its operating nature, except for contingent rental income which is recognised when it arises.

Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Fund is reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the consolidated statement of comprehensive income when the right to receive them arises.

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Revenue from services to tenants

For investment property held primarily to earn rental income, the Fund enters into lease agreements that fall within the scope of IFRS 16 via its partnership interest in local entities. These agreements include certain services offered to tenants (i.e., customers) including common area maintenance services (such as cleaning, security, landscaping and snow removal of common areas), as well as other support services (e.g., reception services, catering and other event related services). The consideration charged to tenants for these services includes fees charged based on a percentage of the rental income and reimbursement of certain expenses incurred. These services are specified in the lease agreements and separately invoiced.

The Fund has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The Fund allocates the consideration in the contract to the separate lease and revenue (non-lease) components on a relative stand-alone selling price basis.

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Fund. The Fund applies the time elapsed method to measure progress.

The consideration charged to tenants for these services is based on a percentage of the rental income. The variable consideration only relates to the non-lease component and is allocated to each distinct period of service (i.e., each day) as it meets the variable consideration allocation exception criteria.

The Fund arranges for third parties to provide certain of these services to its tenants. The Fund concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Fund records revenue on a gross basis.

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes receivable.

5.M. Dividend

Dividend distribution to the Funds investors is recognised as a liability in the Fund's consolidated financial statements in the period in which the dividends are approved.

5.N. Current versus non-current classification

The Fund presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period All other assets are classified as non-current.

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A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Fund classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

5.O. Fair value measurements

The Fund measures financial instruments such as derivatives and investment property at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Fund at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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5.P. Lease

Fund is the lessor

Lease income from operating leases where the Fund is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet in accordance with their nature. The Fund elected to recognise lease income for variable payment that depends on an index or a rate on a straight-line basis.

At the commencement date, the Fund assesses whether the lessee is reasonably certain to exercise an option to extend the lease or to purchase the underlying asset, or not to exercise an option to terminate the lease. The Fund considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option.

The Fund makes payments to agents for services in connection with negotiating lease contracts with the Fund's lessees. The letting fees are capitalised within the carrying amount of the related investment property and are amortised over the lease term.

Fund is the lessee

(i) At initial recognition

The Fund acting as lessee recognises a right-of-use asset and a lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The right-of-use asset is measured initially at it's cost which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the Fund; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lease liability is measured at the present value of the lease payments that are not paid at the date of the consolidated statement of financial position.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured at the applicable index or rate at the lease commencement date;
- the exercise price of a purchase option if the Fund is reasonably certain to exercise that option, or the penalty payable on the exercise of a termination option unless the Fund is reasonably certain not to exercise the option; and
- any amounts expected to be payable under residual value guarantees.

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Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in a number of property leases across the Fund. These are used to maximise operational flexibility in terms of managing the investment properties used in the Fund's leasing activities. The majority of extension and termination options held are exercisable only by the Fund and not by the respective lessor. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Fund is using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

(ii) Subsequent measurement

The Fund leases properties that meet the definition of investment property. These right-of-use assets are presented as part of the line item 'Investment property' in the statement of financial position.

The Fund elects to apply the fair value model to measure an investment property that is held as a right–of–use asset. Further details on the measurement of investment property at fair value are provided in Note 8.

The lease liability is measured as follows:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Where the Fund is exposed to potential future increases in variable lease payments based on an index or rate, these are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

6. Financial risk management

The risk management of the Fund is structured to ensure that the Fund meets its financial targets and to identify potential key risks that could prevent the Fund meeting these targets. The risk management is an ongoing process that commences from the investment analysis phase, when relevant risks related to individual investments and mitigants to those risks are identified, and continues throughout the Fund's ownership. Risk monitoring and reporting takes place at individual investment, portfolio, and Fund level on a regular basis. The risk management process and levels of risk analysed are described below.

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6.A. Risk management process

- *Identification:* Key risks related to investments and mitigants to these risks are identified and documented at the investment analysis phase. During the Fund's ownership potential new risks are identified on an ongoing basis.

- *Establishing risk limits:* For those risks that it is possible a risk limit is established to set the acceptable level of risk that can be taken. For some risks it is not possible to set a quantifiable risk limit. Assessing these risks may require more management judgement.

- *Monitoring and measuring:* Risks are monitored and measured regularly. Investment level risks are reported to the board of directors of relevant Special Purpose Vehicles ("SPVs"). Portfolio and Fund level risks are reported to the Management Company board of directors. Monitoring risks is a continuous process and formal risk reporting takes places on quarterly basis, unless more frequent reporting is required.

- *Mitigation:* If the likelihood of a risk exceeds the risk limit or a risk materializes, appropriate actions are taken to mitigate the risk or minimize the effect of the risk.

Levels of risk

- *Fund level risks:* Fund level risks relate to the operations of the Fund itself and are mainly operational and regulatory risks by nature. Regulatory risks relate to the effects of possible changes in the tax, legal and regulatory environment under which the Fund operates.

- *Portfolio level risks:* Portfolio level risks relate mainly to the market risks inherent in the real estate markets which the Fund invests in, such as changes in yields and rent levels and to the performance of real estate markets in general.

- Investment level risks: Investment level risk are risks that relate directly to the individual investments that the Fund makes and can include operational, legal, financial or market risks.

Types of risk

- *Financial risks:* Financial risks are risks arising from financial instruments to which the Fund is exposed during or at the end of the reporting period. Financial risk comprises market risk which is comprised of three types of risk: foreign exchange risk, interest rate risk, credit risk and liquidity risk.

- *Regulatory and legal risks:* Regulatory and legal risks are risks arising from changes in legislation and regulations in the operating environment of the Fund or its investments.

- *Operational risks:* Operational risks are risks relating to the general private equity real estate Fund and property businesses that are not classified market, financial and regulatory and legal risks. These are risks that relate to the general underlying business that the Fund operates in.

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6.B. Financial risk factors

The Fund's principal financial liabilities, other than derivatives, are loans and borrowings. The main purpose of the Fund's loans and borrowings is to finance the acquisition and development of its property portfolio. The Fund has rent and other trade receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Fund is exposed to market risk (currency risk, interest rate risk, price risk), credit risk , liquidity risk. The Fund's Managing company oversees the management of these risks. The Board of Directors of a Managing Company reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: interest rate risk and currency risk. The financial instruments held by the Fund that are affected by market risk are principally loans and borrowings and the derivative financial instruments.

Limit on exposure to currency and interest rate risk is set by management generally at the time of investment decision. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December 2023. The analyses exclude the impact of movements in market variables on the non-financial assets and liabilities of foreign operation.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2023.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign operation at 31 December 2023 for the effects of the assumed changes of the underlying risk.

Sensitivities to market risks included below in section (i) are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated - for example, changes in interest rate and changes in foreign currency rates.

(i) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Fund's exposure to the risk of changes in foreign exchange rates relates primarily to the Fund's operating activities (when revenue or expense is denominated in a foreign currency) and the Fund's net investments in foreign subsidiaries.

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The Fund operates internationally and is exposed to foreign exchange risk, primarily with respect to the Swedish krones, Norwegian krones and to the Danish krones which are local functional currencies, but applies matching principle whereby it settles liabilities denominated in currency with cash from their own operations in that currency (natural hedge).

The Fund's financial assets and liabilities are included in the table below, categorised by currency, but disclosed at their carrying amount (in TEUR).

As at 31 December 2023

Financial assets	TEUR	TDKK	TNOK	TSEK	Total (TEUR)
Rent receivables	410	-	322	294	1,026
Derivative financial instruments	1,278	-	716	1,250	3,244
Other financial assets [1]	180	76	30	248	534
Cash and cash equivalents	4,510	7,649	4,096	9,230	25,485
Total financial assets	**6,378**	**7,725**	**5,164**	**11,022**	**30,289**

Financial liabilities	TEUR	TDKK	TNOK	TSEK	Total (TEUR)
Borrowings	(56,550)	(113,806)	(70,711)	(92,843)	(333,910)
Lease liability	(7,983)	-	-	(7,213)	(15,196)
Non-current liabilities	-	-	-	(1,352)	(1,352)
Derivative financial instruments	-	(327)	(525)	-	(852)
Tenant deposits	(418)	(3,572)	-	(122)	(4,112)
Other current liabilities [2]	(1,782)	(2,234)	(17,565)	(1,858)	(23,439)
Total financial liabilities	**(66,733)**	**(119,939)**	**(88,801)**	**(103,388)**	**(378,861)**

[1] excluding income tax receivables, prepayments and VAT receivables
[2] excluding income tax payables and VAT payables and advances received

As at 31 December 2022

Financial assets	TEUR	TDKK	TNOK	TSEK	Total (TEUR)
Rent receivables	298	-	8	252	558
Derivative financial instruments	2,382	-	303	2,442	5,127
Other financial assets [1]	155	30	15	328	528
Cash and cash equivalents	6,275	41,849	1,037	7,358	56,519
Total financial assets	**9,110**	**41,879**	**1,363**	**10,380**	**62,732**

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Financial liabilities	TEUR	TDKK	TNOK	TSEK	Total (TEUR)
Borrowings	(102,780)	(83,019)	(6,450)	(97,794)	(290,043)
Lease liability	(7,957)	-	-	(1,557)	(9,514)
Non-current liabilities	-	-	-	(1,349)	(1,349)
Derivative financial instruments	-	-	(251)	-	(251)
Tenant deposits	(2,842)	(121)	-	(142)	(3,105)
Trade and other current liabilities [2]	(2,355)	(7,867)	(138)	(3,072)	(13,432)
Total financial liabilities	**(115,934)**	**(91,007)**	**(6,839)**	**(103,914)**	**(317,694)**

[1] excluding income tax receivables, prepayments and VAT receivables
[2] excluding income tax payables and VAT payables and advances received

A change of 50 basis points in the value of the Norwegian krones against Euro, Swedish krones against Euro, Danish krone against Euro would have negative effects on:

		Impact on P&L	Impact on net asset
		TEUR	TEUR
NOK/EUR	+/- 0.5%	-/+ 28	-/+ 192
DKK/EUR	+/- 0.5%	+/- 34	-/+ 379
SEK/EUR	+/- 0.5%	+/- 101	-/+ 317
Total		**+/- 107**	**-/+ 888**

(ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates (Note 12).

To manage its interest rate risk, the Fund enters into interest rate swaps in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed notional principal amount.

The Fund's policy is to fully hedge the interest rate risk arising from its variable interest borrowings. The decision to hedge is made as part of the investment process, also taking into account the requirements of loan agreements.
Post-closing the Fund monitors the hedging ratio, fair value changes of hedging instruments, and remaining maturity of hedging instruments compared to the corresponding loan maturities. As the Fund hedges all of the interest rate, it has no interest rate exposure from the start of the hedging until expiry. An interest rate risk arises, and may be realised, in situations where the Fund exits an investment before the maturity date of the hedging, which usually is the same as the contractual final repayment date of the loan.

In these situations the hedging instruments typically have either positive or negative fair values, which could cause a corresponding break income or cost to terminate the hedging. The Fund takes potential break costs and income into account in its exit analysis.

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Trade and other receivables, trade and other payables and tenant deposits are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities.

As of 31 December 2023, if interest rates had been 100 basis points higher with all other variables held constant, net result after tax for the year would have been TEUR 1,274 lower (2022: TEUR 866) . The relevant reference interest rates are currently at low levels (e.g. EURIBOR 3m at 3.845% and STIBOR 3m at 4.040% as of 31 December 2023). If interest rates had been 100 basis points lower, net result after tax for the year would have been TEUR 1,549 higher (2022: TEUR 866).

The average effective interest rates of financial instruments at the date of the statement of financial position, based on reports reviewed by key management personnel, were as follows:

As at December 31, 2023

Effective interest rates	EUR	SEK	DKK	NOK
Loans from financial institutions	3.21%	5.09%	4.51%	3.30%

As at December 31, 2022

Effective interest rates	EUR	SEK	DKK	NOK
Loans from financial institutions	3.60%	6.22%	2.43%	6.21%

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents held at banks, trade receivables including rent receivables from lessees and other finaicial assets. The Fund has no significant concentrations of credit risk.

The Fund's maximum exposure to credit risk by class of financial asset is as follows:

	As at December 31, 2023	As at December 31, 2022
	TEUR	TEUR
Derivative financial instruments	3,244	5,127
Rent receivables	1,026	558
Other current assets and accrued income [1]	534	528
Cash and cash equivalents	25,485	56,519

[1] does not include prepayment,VAT receivables and income tax receivables.

The main source of credit risk for the Fund relates to the rent receivables. Such credit risk is monitored on an ongoing basis for each counterparty as part of the normal rental administration process, and relevant actions to collect rents due are taken in timely manner. Credit risk is also reported to the management on quarterly basis as part of the Fund's standard management reporting process.

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Diversification of tenant base, selection of tenants with a good credit history and strong financial position, and efficient rent collection, are the key credit risk management tools for the Fund.

Deposits regroupable to tenants may be withheld by the Fund in part or in whole if receivables due from the tenant are not settled, or if there are other breaches of contract.

The Fund applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all rent and other receivables. To measure the expected credit losses using simplified approach rent and other receivables are assessed based on shared credit risk characteristics and the days past due. An impairment analysis is performed at each reporting date on an individual basis for major tenants.

On that basis, the loss allowance as at 31 December, 2023 was determined as follows for rent receivables:

	As at December 31, 2023 TEUR	As at December 31, 2022 TEUR
Rent receivables, gross:		
Total neither due nor impaired	**528**	**130**
Past due:		
- Less than 30 days overdue	119	179
- 30 to 90 days overdue	85	39
- More than 90 days overdue	356	223
Total past due	**560**	**441**
Expected credit loss as per IFRS 9	(62)	(13)
Total Rent receivables, net of provision for impairment	**1,026**	**558**

Other financial assets are neither past due nor impaired.

The credit risk with respect to cash and cash equivalents is considered immaterial as the Fund holds cash accounts in reputable financial institutions (please refer to the table below):

As at December 31, 2023

Bank	Amount TEUR	Standard & Poor's rating
Nordea	261	AA-
SEB	1,871	A+
Danske Bank	729	A+
Swedbank AB	7,359	A+
OP Corporate Credit Bank	3	AA-
Nykredit	7,620	A+
BN Bank	4,096	A-
Säästöpankki	1,604	A-
Societe Generale	1,942	A

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Liquidity risk

The focus for the liquidity management of the Fund is efficient cash management. This includes maintaining sufficient cash at both Fund and individual investment levels, together with planning and executing sustainable distribution policies from investments to the Fund and from the Fund back to investors.

Where feasible the Fund also considers using credit lines to finance any short term cash needs of the Fund. When completing acquisitions the Fund plans the timing of the capital calls to investors so that their capital is put to work efficiently.

The Fund monitors its liquidity position at both Fund and individual investment level. At Fund level sufficient working capital reserves are maintained to finance expenses, and upfront deal related costs, such as due diligence cost before they are re-invoiced to the SPVs. Generally, during the investment period, the Fund intends to maintain cash reserves for three months of estimated Fund level costs. As of December 31, 2023 the Fund has a revolving credit facility agreement with SEB which the Fund can utilize for short-term financing for up to 50 million euros. The Fund has sufficient uncalled capital from investors to cover any working capital requirements, which are financed by capital calls to the Fund investors or by cash distributions from investments.

Each investment is managed individually from a cash management perspective. At acquisition an initial working capital injection is made to the property companies if necessary. After that, the properties are assumed to be able to finance expenditure by operative cash flow generated from rental income. Certain properties with more extensive capital expenditure programs and tenant improvement needs may require additional equity or debt financing during the holding period. An appropriate cash reserve is determined for each investment, and a rolling 12 month cash flow forecast is maintained. In general, the Fund intends to distribute all surplus cash in excess of cash requirements from the SPVs to Fund level, and from there to investors. Sometimes the bank loans may contain restrictions (like cash covenants) on upstream cash distributions from the SPVs, which may require that additional cash is held at SPV level. These restrictions are taken into account in the cash management process.

A summary table, with maturity of financial assets and liabilities, is presented below. This is used by key management personnel to manage liquidity risk and is derived from management reports at investment level. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not significant.

The maturity analysis of financial instruments at December 31, 2023 is as follows:

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in TEUR	No fixed maturity	On demand	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Assets						
Cash and cash equivalents	-	25,485	-	-	-	25,485
Derivative financial instruments	-	-	-	3,244	-	3,244
Rent receivables	-	-	1,026	-	-	1,026
Other financial assets [1]	-	-	534	-	-	534
Total assets	**-**	**25,485**	**1,560**	**3,244**	**-**	**30,289**
Liabilities						
Net assets attributable to unitholders	248,985	-	-	-	-	248,985
Loans from financial institutions	-	-	68,834	221,778	40,080	330,692
Future interest payable on financial institution loans	-	-	19,245	37,259	30,130	86,634
Derivative financial instruments	-	-	525	327	-	852
Other loans	-	-	-	3,218	-	3,218
Future interest payable on other loans	-	-	193	772	386	1,351
Lease liabilities	-	-	540	2,160	12,496	15,196
Non-current liabilities	-	-	-	1,352	-	1,352
Accrued and other liabilities[2]	-	27,551	-	-	-	27,551
Total liabilities	**248,985**	**27,551**	**89,337**	**266,866**	**83,092**	**715,831**

[1] other financial assets includes other receivables and accrued income

[2] excluding VAT payables and advances received

The maturity analysis of financial instruments at 31 December 2022 is as follows:

in TEUR	No fixed maturity	On demand	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Assets						
Cash and cash equivalents	-	56,519	-	-	-	56,519
Derivative financial instruments	-	-	-	5,127	-	5,127
Rent receivables	-	-	558	-	-	558
Other financial assets [1]	-	-	528	-	-	528
Total assets	**-**	**56,519**	**1,086**	**5,127**	**-**	**62,732**
Liabilities						
Net assets attributable to unitholders	208,313	-	-	-	-	208,313
Loans from financial institutions	-	-	56,397	201,046	29,683	287,126
Future interest payable on financial institution loans	-	-	10,215	44,085	1,248	55,548
Derivative financial instruments	-	-	-	-	251	251
Other loans	-	-	-	2,307	610	2,917
Future interest payable on other loans	-	-	175	252	37	464
Lease liabilities	-	-	423	1,692	7,399	9,514
Non-current liabilities	-	-	-	1,349	-	1,349
Accrued and other liabilities[2]	-	16,537	-	-	-	16,537
Total liabilities	**208,313**	**16,537**	**67,210**	**250,731**	**39,228**	**582,019**

[1] other financial assets includes other receivables and accrued income

[2] excluding VAT payables and advances received

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The amount of contractual undiscounted cash flows related to loans from financial institutions is based on variable interest rates and other loans based on fixed interest rate. The amount disclosed regarding loans from financial institutions is determined by reference to the conditions existing at the reporting date - that is, the actual spot interest rates effective as of 31 December are used for determining the related undiscounted cash flows.

6.C. Capital risk management

For the purpose of this section, capital means Net assets attributable to unitholders of non-redeemable units as well as investors' loans and their related interest, as these loans are considered invested capital.

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern, provide returns for unitholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or manage the capital structure, the Fund may adjust and control the amount of distributions paid to unitholders, draw down new capital from unitholders or change the leverage used to finance its investment in properties.

The actions taken to maintain or adjust the capital structure are done within the limits of remaining commitments of the Fund and taking into account the rules in the management regulations of the Fund.

Capital structure is managed based on the loan-to-value (LTV) ratio. According to the management regulations of the Fund the maximum LTV of investments is 75% at acquisition. Within 12 months from the end of the investment period the Fund shall use reasonable endeavours to reduce the Fund level LTV to 60% of gross asset value in maximum. The Fund monitors its capital structure and LTV ratio on quarterly basis.

The LTV ratio at period-end was as follows:

in TEUR	As at December 31, 2023	As at December 31, 2022
Loans from financial institutions [1]	**332,743**	**289,687**
Fair value of the portfolio [2]	591,463	468,208
Other assets[3]	36,076	66,442
Gross Asset Value (GAV)	**627,539**	**534,650**
LTV (%)	**53%**	**54%**

[1] gross amount, the unamortized transaction costs are not deducted. Amount does not include loans from minorities. (See Note 12)
[2] includes investment properties excluding right of use assets (See Note 8)
[3] includes the deferred tax asset

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6.D. Fair value estimation

The fair value of the assets and liabilities of the Fund by level of valuation hierarchy as of 31 December, 2023 are presented in the table below:

Assets (in TEUR)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Assets measured at fair value:					
Investment property	-	-	606,658	**606,658**	**606,658**
Derivative financial instruments	-	3,244	-	**3,244**	**3,244**
Assets for which fair values are disclosed:					-
Rent receivables	-	-	1,026	**1,026**	**1,026**
Other financial assets [1]	-	-	534	**534**	**534**
Cash and cash equivalents	25,485	-	-	**25,485**	**25,485**

Liabilities (in TEUR)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Liabilities measured at fair value:					
Derivative financial liabilities	-	852	-	**852**	**852**
Lease liability	-	-	15,196	**15,196**	**15,196**
Liabilities for which fair values are disclosed:					
Net assets attributable to unitholders	-	-	248,985	**248,985**	**248,985**
Loans from financial institutions	-	-	330,692	**330,692**	**330,692**
Other loans	-	-	3,218	**3,218**	**3,218**
Other financial liabilities [2]	-	-	27,551	**27,551**	**27,551**

[1] Does not include VAT receivables, prepayments and current income tax receivables.
[2] Does not include Income tax liability, advances and VAT liability.

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The fair value of the assets and liabilities of the Fund by level of valuation hierarchy as of 31 December 2022 are presented in the table below:

Assets (in TEUR)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Assets measured at fair value:					
Investment property	-	-	477,722	**477,722**	**477,722**
Derivative financial instruments	-	5,127	-	**5,127**	**5,127**
Assets for which fair values are disclosed:					
Rent receivables	-	-	558	**558**	**558**
Other financial assets [1]	-	-	528	**528**	**528**
Cash and cash equivalents	56,519	-	-	**56,519**	**56,519**

Liabilities (in TEUR)	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Liabilities measured at fair value:					
Derivative financial liabilities	-	251	-	**251**	**251**
Lease liability	-	-	9,514	**9,514**	**9,514**
Liabilities for which fair values are disclosed:					
Net assets attributable to unitholders	-	-	208,313	**208,313**	**208,313**
Loans from financial institutions	-	-	287,126	**287,126**	**287,126**
Other loans	-	-	2,917	**2,917**	**2,917**
Other financial liabilities [2]	-	-	16,537	**16,537**	**16,537**

[1] Does not include VAT receivables, prepayments and current income tax receivables.
[2] Does not include Income tax liability, advances and VAT liability.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. As all significant inputs are observable in order to fair value those instruments, they are included in Level 2.

Derivative financial instruments

The fair value of derivative financial instruments is the estimated amount that the Fund would receive or pay to settle the related agreements. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

Other financial assets and liabilities

The management assessed that cash, trade and other financial assets and trade and other financial liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.

Loans and borrowings

Fair values of the Fund's interest-bearing borrowings and loans are determined by using the DCF method, using a discount rate that reflects the issuer's borrowing rate including its own non-performance risk as at 31 December 2023.

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7. Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue, expenses and unrealised gains or losses during the year. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

7.A. Judgements

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Business combination and asset acquisition

The Fund acquires subsidiaries that own real estate. At the time of acquisition, the Fund considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Fund accounts for an acquisition as a business combination where an integrated set of activities and assets, including property, is acquired. More specifically, consideration is given to the extent to which substantive processes are acquired and, in particular, the extent of services provided by the subsidiary (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.).

When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

During the year the Fund acquired 5 portfolios of investment properties (refer to Note 8 and 21). The Fund assessed if the assets acquired include an input and a substantive process that, together, significantly contribute to the ability to create outputs. The acquired process is not considered substantive as it is not critical to the ability to continue producing outputs, nor includes an organized workforce with the necessary skills, knowledge, or experience to perform that process or is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs. Therefore, acquisitions of all portfolios were accounted for as the acquisition of properties (refer to Note 8 and 21).

Principal versus agent considerations – services to tenants

The Fund arranges for certain services provided to tenants of investment property included in the contract the Fund enters into as a lessor, to be provided by third parties. The Fund has determined that it controls the services before they are transferred to tenants, because it has the ability to direct the use of these services and obtain the benefits from them. In making this determination, the Fund has considered that it is primarily responsible for fulfilling the promise to provide these specified services because it directly deals with tenants' complaints and it is primarily responsible for the quality or suitability of the services. In addition, the Fund has discretion in establishing the price that it charges to the tenants for the specified services. Therefore, the Fund has concluded that it is the principal in these contracts. In addition, the Fund has concluded that it transfers control of these services over time, as services are rendered by the third-party service providers, because this is when tenants receive and, at the same time, consume the benefits from these services.

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7.B Estimates and assumptions

The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Fund based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Valuation of Investment Properties

The fair value of investment property is determined by real estate valuation experts using recognised valuation techniques and the principles of IFRS 13 Fair Value Measurement. Investment property is measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 8.

Principal assumptions for income taxes

The Fund is subject to income taxes currently in Denmark, Sweden, Finland, Norway and Luxembourg. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expenses already recorded. The Fund establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective Fund Company's domicile.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on quoted prices in active markets. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

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8. Investment property

During the year, the Fund made investments in office properties and sold industrial properties located in the Nordic Region:

On 30 June 2023, the Fund acquired Sorkedalsveien 6, an office building situated in Norway, through a share deal acquisition. Total acquisition cost was EUR 98.4 million including transaction cost of EUR 0.2 million.

On 16 May 2023, the Fund sold Tool AB portfolio composed of industrial properties situated in Sweden through a share deal agreement. Total selling cost of portfolio properties was EUR 10.4 million including transaction cost of EUR 0.5 million generating a loss on disposal amount to EUR 3.6 million (note 21).

The Fund's investment property is measured at fair value. Movements during the year were as follows:

	As at December 31, 2023 TEUR	As at December 31, 2022 TEUR
Fair value hierarchy	Level 3	Level 3
Fair value - Opening balance	**477,722**	**213,086**
Acquisitions :		
Direct acquisitions of investment property	-	166,130
Acquisitions of subsidiaries	102,983	17,254
Acquisition of right-of-use assets	5,656	8,025
Capital Expenditure	54,433	51,395
Other changes :		
Disposal	(10,789)	-
Net gain from fair value adjustments on investment property	(22,292)	34,966
Fair value change of right-of-use assets	(310)	(402)
Foreign exchange difference	(745)	(12,732)
Fair value - Closing balance[1]	**606,658**	**477,722**

[1] During the year 2023, the Fund acquired a portfolio of properties in Sweden, including a leasholds of land which is classified as investment property. During the year 2022, the Fund acquired a portfolio of properties in Finland, including a leasholds of land which is classified as investment property. For the year ended December 31, 2023 includes right-of-use assets MEUR 15.2. For the year ended December 31, 2022 includes right-of-use assets MEUR 9.5.

Valuation processes

In accordance with the Management Regulations fair value of Investment property is defined based on external valuations, performed at acquisition of investment properties and thereafter annually.

The Fund's investment properties are valued by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. The external valuer is appointed annually by local deal teams. The valuations of Fund's investment properties as at 31 December 2023 were made by Cushman & Wakefield , Nordicals and CBRE (previously DTZ).

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The valuations performed by the independent valuers are reviewed by the Fund's Investment Advisor. Investment Advisor's team reviewing the valuations include the case responsible investment professional, the local deal teams approve the valuation report, the partner responsible for Fund's operations and the Chief Financial Officer. This team reports directly to the Management Company of the Fund.

The process of valuation at acquisition is similar to the annual valuation process.

At each financial year end all major inputs to the independent valuation report are verified, valuation movements are assessed compared to the prior year valuation report and discussions are held with the independent valuers.

For all investment properties, their current use equates to the highest and best use.

The fair value of right-of-use assets is not included in the valuation report prepared by external valuer. The Fund assumed, that the fair value of right–of–use asset corresponds to the fair value of lease liability as at 31 December 2023.

Investment properties fair values are cathegorised at Level 3 fair value hierarchy. There were no transfers between Levels 1, 2 or 3 during 2023 and 2022.

Valuation techniques underlying management's estimation of fair value of investment property

The fair value of investment property is determined using a discounted cash flow (DCF) method.

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

For valuation of property under construction was used Residual approach : The valuation of investment properties under construction is based upon fair value at completion (determined by using DCF method) less the expected cost to incurr in order to complete the construction.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, and refurbishment. The appropriate durations are typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flows are typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

IFRS requires to state the fair values of investments properties net of purchasers' costs. Considering the local market practice in Denmark, Norway and Sweden the independent valuer does not include deductions for purchaser's costs. In management view, it is a prudent assessment which reflects local market practices and the expected market price to be received by the Fund.

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The table below presents the following for each class of the investment property:

- The fair value measurements at the end of the reporting period;
- A description of the valuation technique applied;
- The inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building;
- For Level 3 fair value measurements, quantitative information about the significant unobservable inputs used in the fair value measurement.

Investments	Fair Value 2023 TEUR	Fair Value 2022 TEUR	Valuation technique	Key unobservable inputs	2023	2022
KA-10 – Office Norway	11,699	13,906	DCF	• Exit yield	5.00%	4.50%
				• Rental income p.a.	993,194	990,413
				• Rental growth p.a.	2.00%	2.00%
				• Structural vacancy	0.00%	0.00%
				• Discount rate	7.00%	6.50%
Lindevangs Allé – Office Denmark	24,675	25,213	DCF	• Exit yield	4.75%	4.25%
				• Rental income p.a.	1,449,109	1,392,801
				• Rental growth p.a.	2.00%	2.00%
				• Structural vacancy	0.00%	2.00%
				• Discount rate	6.75%	6.25%
CC Residential [1] Denmark	99,478	72,709	DCF	• Exit yield	4.06%	3.75%
				• Rental income p.a.	5,039,870	4,859,988
				• Rental growth p.a.	2.00%	2.00%
				• Structural vacancy	0.00%	NA*
				• Discount rate	6.06%	5.75%
Jaguar – Office Sweden	34,247	35,516	DCF	• Exit yield	5.25%	4.75%
				• Rental income p.a.	2,402,579	2,530,256
				• Rental growth p.a.	4.00%	4.00%
				• Structural vacancy	4.70%	4.70%
				• Discount rate	7.25%	6.95%
Rocky – Office [2] Sweden	62,635	65,637	DCF	• Exit yield	6.19%	5.51%
				• Rental income p.a.	6,342,253	7,031,209
				• Rental growth p.a.	2.00%	2.21%
				• Structural vacancy	6.50%	6.50%
				• Discount rate	8.19%	7.71%
Städet – Office Sweden	27,938	33,268	DCF	• Exit yield	6.75%	5.75%
				• Rental income p.a.	2,861,767	2,944,308
				• Rental growth p.a.	2.00%	2.00%
				• Structural vacancy	6.80%	6.60%
				• Discount rate	8.85%	7.95%
Tool – Industrial Sweden	-	10,790	DCF	• Exit yield	-	7.00%
				• Rental income p.a.	-	1,402,651
				• Rental growth p.a.	-	2.00%
				• Structural vacancy	-	9.80%
				• Discount rate	-	9.20%

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Investments	Fair Value	Fair Value	Valuation	Key unobservable inputs	2023	2022
Royal Park – Hotel Sweden	68,043	73,729	DCF	• Exit yield	5.75%	5.00%
				• Rental income p.a.	6,653,060	6,219,137
				• Rental growth p.a.	2.00%	2.00%
				• Structural vacancy	3.30%	3.30%
				• Discount rate	8.75%	7.20%
Verdict – Office Denmark	61,600	61,077	DCF	• Exit yield	4.85%	5.50%
				• Rental income p.a.	4,434,624	4,308,900
				• Rental growth p.a.	2.00%	2.00%
				• Structural vacancy	0.00%	0.0 %
				• Discount rate	6.85%	7.50%
Henry – Office[2] Finland	56,200	55,200	DCF	• Exit yield	6.63%	6.30%
				• Rental income p.a.	12,521,000	7,836,000
				• Rental growth p.a.	2.00%	2.00%
				• Structural vacancy	8.60%	8.90%
				• Discount rate	8.63%	8.50%
Pukkila – Residential Finland	20,747	10,964	Residual method	• Exit yield	4.00%	4.00%
				• Rental income p.a.	1,248,505	1,192,424
				• Rental growth p.a.	2.00%	2.00%
				• Structural vacancy	2.50%	2.5%
				• Capitalization rate	6.00%	4.00%
Warehouse Collection – Warehouse[2] Finland	9,900	1,200	DCF	• Exit yield	6.50%	6.00%
				• Rental income p.a.	1,073,101	1,040,851
				• Rental growth p.a.	2.48%	2.75%
				• Structural vacancy	2.50%	2.50%
				• Discount rate	8.98%	8.75%
Sørkedalsveien 6 Norway	114,301	-	DCF	• Exit yield	5.00%	-
				• Rental income p.a.	7,991,015	-
				• Rental growth p.a.	2.00%	-
				• Structural vacancy	2.50%	-
				• Discount rate	7.00%	-

[1]The investment properties in CC Residential JV are both development projects that are valued as land value plus cost to complete and thus do not assume vacancy. Pukkila valuation is fair value in turnkey state less cost to complete and developer's margin.
[2]excluding right-of-use assets

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The unobservable inputs are inter-related and change in one variable is likely to have an effect on one or more other variables, for example expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. An increase in the future rental income may be linked with higher costs like increased tenant improvement expenditure. If the remaining lease term increases the yield may decrease.

Significant increases (decreases) in estimated rental value (ERV) and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the property. Significant increases (decreases) in the long-term vacancy rate, discount rate and exit yield in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the ERV is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

Investment	Sensitivity on discount rate			Sensitivity on exit yield			Sensitivity on rental growth			Sensitivity on structural vacancy		
	+0.5% higher EUR	Applied rate EUR	-0.5% lower EUR	+0.5% higher EUR	Applied rate EUR	-0.5% lower EUR	+1.0% higher EUR	Applied rate EUR	-1.0% lower EUR	+1.0% higher EUR	Applied rate EUR	-1.0% lower EUR
Kristian Augusts gate 10	10,657,889	11,698,768	12,695,165	10,844,713	11,698,768	12,739,647	11,903,385	11,698,768	11,494,151	11,636,493	11,698,768	13,006,539
Lindevangs Allé	26,070,389	24,674,959	33,597,660	24,674,959	24,674,959	28,901,501	25,171,410	24,674,959	24,205,343	24,379,772	24,674,959	24,970,146
CC Residential JV K/S	88,046,264	99,478,056	114,130,070	96,392,008	99,478,056	116,330,556	101,799,300	99,478,056	97,304,405	98,364,395	99,478,056	99,478,056
CMNRE Sadelplatsen HoldCo AB (Jaguar)	32,843,998	34,246,575	35,717,286	32,195,836	34,246,575	36,729,092	34,656,363	34,246,575	33,836,788	33,920,782	34,246,575	34,572,368
Rocky TopCo AB	60,179,704	62,635,184	65,213,140	59,703,767	62,635,184	66,080,840	63,420,332	62,635,184	61,850,036	61,778,479	62,635,184	63,491,889
Centria Städet Invest AB	26,842,916	27,937,996	29,085,076	26,713,951	27,937,996	29,357,887	28,220,890	27,937,996	27,655,101	27,580,389	27,937,996	28,295,602
RoyalPark	64,801,820	68,042,538	71,443,223	63,490,087	68,042,538	73,462,149	69,121,305	68,042,538	66,963,771	67,015,591	68,042,538	69,069,484
Verdict	54,904,802	61,600,182	69,838,586	52,892,163	61,600,182	60,231,588	63,062,700	61,600,182	60,218,170	60,728,039	61,600,182	61,600,182
Henry	53,927,000	56,200,000	58,584,000	53,352,000	56,200,000	59,515,000	64,820,000	56,200,000	48,423,000	55,024,000	56,200,000	57,351,000
Pukkila	-	23,000,000	-	22,000,000	23,000,000	24,300,000	23,200,000	23,000,000	22,900,000	22,900,000	23,000,000	23,200,000
Warehouse Collection	9,600,000	9,900,000	10,300,000	9,500,000	9,900,000	10,400,000	11,100,000	9,900,000	8,800,000	9,900,000	9,900,000	10,000,000
Sørkedalsveien 6	105,876,072	114,300,965	121,987,455	107,237,223	114,300,965	122,930,473	115,795,560	114,300,965	112,806,369	113,936,213	114,300,965	114,692,408
Total	**533,750,854**	**593,715,223**	**622,591,661**	**558,996,707**	**593,715,223**	**640,978,733**	**612,271,245**	**593,715,223**	**576,457,134**	**587,164,153**	**593,715,223**	**599,727,674**

(1) excluding right-of-use assets

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9. Lease liabilities

During the year 2023, the Fund acquired additional leasehold properties though the entity CMNRE Rocky TopCo AB. These leases has lease terms ranging from 11 to 43 years (Note 8).

During the year 2022, the Fund acquired a portfolios of leasehold properties (Downtown Diamonds Ky and Warehouse Collection Ky) , through the entity CMNRE III Finland Ky. These leases has lease terms ranging from 18 to 55 years (Note 8).

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2023	2022
	in TEUR	in TEUR
As at 1 January	9,514	1,891
Additions*	5,934	8,025
Accretion of interest	352	(26)
Payments	(630)	(190)
Foreign exchange effect	26	(186)
As at 31 December	**15,196**	**9,514**

*Increase in the liability is due to the renewal of underlying land lease agreement in one of the properties in Project Rocky.

10. Derivative financial instruments

The derivative financial instruments of the Fund as at December 31, 2023 include interest rate swaps entered into to hedge the interest rate risk in variable rate loans (please refer to Note 12.A.) and FX forwards to hedge against NOK flactuations.

	As at December 31, 2023		As at December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
	TEUR	TEUR	TEUR	TEUR
Interest rate swaps	1,472	(327)	1,856	(251)
Interest rate cap	1,772	-	3,271	-
FX forwards	-	(525)	-	-
Total	**3,244**	**(852)**	**5,127**	**(251)**

The Fund does not apply hedge accounting in accordance with IFRS 9, but the financial instruments have been designated to be valued at fair value through profit and loss. Nevertheless, interest rates swaps and caps are part of economic hedge relationships. Interest rate swaps are used to fix the interest payments of variable debt instruments.

The notional amounts of the outstanding interest rate swap contracts at December 31, 2023 were TEUR 165,173 (2022: TEUR 160,139). The notional amounts of the outstanding FX forward contracts at December 31, 2023 were TEUR 16,191 (2022: nil).

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The terms and conditions of the interest rate swap derivative instruments as at December 31, 2023 are summarised in the table below:

Entities	Fair value TEUR	Counterpart	Maturity date	Notional amount TEUR	Fixed rate paid, %	Floating rate received, %
Kristian Augusts gate 10 AS	249	SpareBank 1 SMN	15/10/2025	6,050	1.43%	4.71%
Rocky TopCo AB	618	SEB	29/04/2026	11,986	0.70%	4.04%
Rocky TopCo AB	494	SEB	29/04/2026	11,986	0.40%	4.04%
Lindevangs Allé 8-12	(327)	SEB	30/06/2028	10,063	3.25%	3.90%
CMNRE III Finland Ky	1,279	Aareal Bank AG	20/05/2027	28,662	1.25%	3.93%
Sørkedalsveien 6	466	SpareBank 1 SMN	15/01/2028	65,122	3.12%	4.71%
Royal Park	138	SWEDBANK	31/10/2025	31,543	3.50%	4.04%
	2,917			**165,172**		

The terms and conditions of the FX forward derivative instruments as at December 31, 2023 are summarised in the table below:

Entities	Fair value TEUR	Counterpart	Maturity date	Notional amount TNOK	Forward rate
Sørkedalsveien 6	(525)	SpareBank 1 SMN	21/06/2024	182,000	10.874
	(525)			**182,000**	

The terms and conditions of the derivative instruments as at December 31, 2022 are summarised in the table below:

Entities	Fair value TEUR	Counterpart	Maturity date	Notional amount TEUR	Fixed rate paid, %	Floating rate received, %
Kristian Augusts gate 10 AS	303	SpareBank 1 SMN	15/10/2025	6,468	1.43%	3.25%
Rocky TopCo AB	889	SEB	29/04/2026	11,958	1.00%	2.66%
Rocky TopCo AB	1,082	SEB	29/04/2026	11,958	0.40%	2.66%
CMNRE III Finland Ky	2,382	Aareal Bank AG	20/05/2027	28,662	1.25%	2.20%
Sørkedalsveien 6	(251)	SpareBank 1 SMN	15/01/2028	69,623	3.12%	N/A
Royal Park	471	SWEDBANK	31/10/2025	31,470	3.50%	2.66%
Total	**4,876**			**160,139**		

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11. Rent and other receivables

	As at As at December 31, 2023 TEUR	As at As at December 31, 2022 TEUR
Rent receivables	1,026	558
Prepayment	192	275
VAT receivables[1]	3,065	2,252
Current income tax receivables[2]	1,911	672
Other receivables	534	528
Total rent and other trade receivables	**6,728**	**4,285**

(1)The amount of TEUR 1,360 refers to capex for properties under construction.

(2)The significant increase is related to the significant losses the companies have incurred during 2023, especially for CC Residential. Main driver behind the losses are fair value adjustments for investment properties.

As at 31 December 2023, expected credit losses recognised amounted to TEUR 61 (2022: TEUR 13) (Note 6.B).

12. Borrowings

	As at December 31, 2023 TEUR	As at December 31, 2022 TEUR
Non-current borrowings		
Loans from financial institutions	261,858	230,729
Other loans	3,218	2,917
	265,076	**233,646**
Current borrowings		
Loans from financial institutions	68,834	56,397
	68,834	**56,397**
Total borrowings	**333,910**	**290,043**

12.A. Loans from financial institutions

As at 31 December 2023, Fund's loans from financial institutions relate to the bank loans borrowed to finance the acquisition of properties. The loans are denominated in Danish Krones, in Norway Krones or in Sweden Krones depending on the country where the investment is located. The Loans from Casa Project are presented in Note 12.B.

As at 31 December 2022 and 31 December 2023, the carrying amount of the loans is as follows in EUR and in original currency.

	In Group currency		In original currency					
	2023	2022	2023	2022	2023	2022	2023	2022
	TEUR		TDKK		TSEK		TNOK	
Loans from financial institutions	332,743	289,687	829,018	824,938	1,036,531	1,099,131	800,000	68,000
Amortised transaction costs	(2,051)	(2,561)	(4,812)	(8,526)	(6,340)	(11,482)	(5,175)	(188)
	330,692	**287,126**	**824,206**	**816,412**	**1,030,191**	**1,087,649**	**794,825**	**67,812**

CapMan Nordic Real Estate III FCP-RAIF

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As at 31 December 2023, terms and condition related to loans from financial institutions are as follows:

Borrower	Lender	Currency	Nominal amount (Original currency in thousand)	Nominal amount (TEUR)	Final repayment date	Contractual interest rate	Effective interest rate, % p.a.
Lindenangs Alle 8-12	Nykredit	DKK	99,809	13,392	10/06/2053	CIBOR 3 + 0.95 %	5.32%
Sorkedalsveien 6	BN Bank	NOK	732,000	65,122	15/01/2028	CIBOR 3M + 2.70%	7.61%
Kristian Augusts gate 10 AS	BN Bank ASA	NOK	68,000	6,050	15/10/2025	CIBOR 3M+2.85%	7.64%
CC Residential JV K/S (Homeland)	Spar Nord Bank A/S / Nykredit	DKK	192,071	25,771	30/09/2024	CIBOR 3M + 2,00 %	5.62%
CC Residential JV K/S (Campus)	Nykredit	DKK	325,260	43,642	31/12/2025	CIBOR 3M + 0.75%	5.51%
CMNRE Sadelplatsen HoldCo AB (Jaguar)	Pareto Bank ASA	SEK	150,000	13,518	*24/03/2024	CIBOR 3M + 4.90%	10.52%
CMNRE Städet HoldCo AB	Skandia	SEK	220,000	19,827	01/06/2024	STIBOR 3M + 4.00%	8.54%
CMNRE Rocky HoldCo AB	Skandinaviska Enskilda Banken AB	SEK	316,531	28,526	27/04/2026	CIBOR 3M + 2,05%	6.46%
Verdict	Nykredit	DKK	211,878	28,429	31/12/2041	CIBOR 3M + 0,89%	3.43%
Warehouse Collection	Säästöpankki	EUR	5,733	5,733	27/02/2028	CIBOR 3M + 5,20%	5.25%
Pukkila	Someron Säästöpankki, Närpiön Säästöpankki	EUR	12,028	12,028	13/04/2028	EURIBOR 6M +1.95%	5.99%
Henry	Aareal Bank AG	EUR	28,662	28,662	30/06/2027	EURIBOR 3M + 2.10%	6.03%
RoyalPark	Collector Bank AB	SEK	350,000	31,543	31/10/2025	STIBOR 3M + 4.50%	9.05%
CMNRE III FCP - RAIF	Skandinaviska Enskilda Banken AB	EUR	10,500	10,500	*05/07/2024	1.95%	1.95%
Total borrowings				**332,743**			

*The loan maturity of Sadelplatsen (Jaguar) was extended with Pareto on March 19th, new maturity for the loan is 27/09/2025. The outstanding balances of the SEB loan for the Fund (RCF) will be repaid with capital called from the investors. The RAIF have the option to extend the termination date by one year. The RAIF intends to exercise the option but as at the date of these consolidated financial statements it is under discussion.

The loans from financial institutions have standard market practice financial covenants, which include loan to value (LTV), interest cover ratio (ICR), solvency ratios and a covenant on net working capital level. The bank loans are collateralized by the pledges of owners' mortgages over the properties and shares and shareholder loans in the relevant SPVs. As at December 31, 2023 and December 31, 2022 the Fund complied with all these covenants.

As at 31 December 2022, the RAIF Fund had a credit facility with Credit Suisse AG, London Branch. On April 28, 2023 the facility was transferred from Credit Suisse AG to Skandinaviska Enskilda Banken AB (SEB) with the same terms and conditions. As at 31 December 2023, the outstanding amount of the facility is TEUR 10,500 (2022: TEUR 44,800). In addition, the loan for Lindevangs Alle was refinanced with Nykredit (previously Nordea) on 24 April 2023 with maturity until 10 June 2053.

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As at 31 December 2022, terms and condition related to loans from financial institutions are as follows:

Borrower	Lender	Currency	Nominal amount (Original currency, in thousand)	Nominal amount (TEUR)	Final repayment date	Contractual interest rate	Effective interest rate, % p.a.
Lindenangs Alle 8-12	Nordea Bank	DKK	86,241	11,597	31/08/2023	CIBOR 6 + 0.8 %	1.93%
Kristian Augusts gate 10 AS	BN Bank ASA	NOK	68,000	6,468	15/12/2025	CIBOR 3M+2.85%	6.21%
CC Residential JV K/S	Spar Nord Bank A/S	DKK	192,071	25,828	30/09/2024	CIBOR 3M+2%	3.99%
CC Residential JV K/S	Nykredit	DKK	325,260,	43,738	31/12/2025	CIBOR 3M+2%	1.35%
CMNRE Sadelplatsen HoldCo AB (Jaguar)	Pareto Bank ASA	SEK	150,000	13,487	31/03/2024	CIBOR 3M+4.9%	8.80%
CMNRE Städet HoldCo AB	Skandia	SEK	220,000	19,781	30/06/2024	STIBOR 3M+4%	5.47%
CMNRE Rocky HoldCo AB	Skandinaviska Enskilda Banken AB	SEK	379,130	34,089	30/04/2026	CIBOR 3M+2.05%	4.98%
Verdict	Nykredit	DKK	221,366,	29,767	31/12/2041	CIBOR 3M+1.75%	2.83%
Henry	Aareal Bank AG	EUR	28,662	28,662	31/05/2027	CIBOR 6M	3.60%
RoyalPark	Collector Bank AB	SEK	350,000	31,470	31/10/2025	CIBOR 3M+2.07%	6.93%
CMNRE III FCP - RAIF *	Credit Suisse AG, London Branch	EUR	44,800	44,800	31/03/2023	1.95%	1.95%
Total borrowings			**289,687**				

The interest rate risk and the maturity profile of the borrowings of the Fund is presented in Note 6.B.

Mortgages and securities given on loans from financial institutions are disclosed in Note 23.

Movements on bank loans as at 31 December 2023 and 2022:

	Outstanding principal 31/12/2022	Outstanding principal TEUR 31/12/2022	Drawdown / Reimbur-sement CCY	Currency	Outstanding principal 31/12/2023	Outstanding principal TEUR 31/12/2023
Nordea Bank	86,241	11,597	13,568	DKK	99,809	13,392
BN Bank ASA	68,000	6,468	732,000	NOK	800,000	71,171
Spar Nord Bank A/S	517,331	69,566	-	DKK	517,331	69,413
Pareto Bank ASA	150,000	13,487	-	SEK	150,000	13,518
Skandinaviska Enskilda Banken AB	379,131	34,089	(62,600)	SEK	316,531	28,527
Skandia	220,000	19,781	-	SEK	220,000	19,827
Nykredit	221,366	29,767	(9,488)	DKK	211,878	28,429
Aareal Bank AG	28,662	28,662	17,761	EUR	46,423	46,423
Collector Bank AB	350,000	31,470	-	SEK	350,000	31,543
Credit Suisse AG, London Branch/SEB	44,800	44,800	(34,300)	EUR	10,500	10,500
Total borrowings		**289,687**				**332,743**

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12.B. Other loans

As at 31 December 2023, the Fund has other loans relate to the loans denominated in DKK from the minority shareholder, Casa Projekt.

Borrower	Final repayment date	Interest rate	2023 Nominal amount (TEUR)	2023 Accrued interest (TEUR)	2023 Nominal amount (TDKK)	2022 Nominal amount (TEUR)	2022 Accrued interest (TEUR)	2022 Nominal amount (TDKK)
CC Residential JV K/S	31/12/ 2030	6%	2,609	131	19,447	2,307	131	17,161
Lindenangs Alle 8-12	31/12/2030	6%	609	77	4,534	610	77	4,534
			3,218	**208**	**23,981**	**2,917**	**208**	**21,695**

The Fund agreed on two shareholder loans with Casa Projekt with amounts of TEUR 2,609 (TDKK 19,447) and TEUR 609 (TDKK 4,534) related to acquisition of investment properties relating to CC Reisidential JV K/S and Lindevangs Allé respectively.

13. Income tax

Total income taxes in the consolidated statement of profit and loss are as follows:

Statement of profit or loss	2023 TEUR	2022 TEUR
Current tax	960	(477)
Deferred tax	1,299	(7,761)
Income tax (expense)/benefit	**2,259**	**(8,238)**

Income taxes are calculated based on the tax rates in the countries where the Fund and its subsidiaries have operations, taking into account tax-exempt income and tax losses carried forward.

Income tax reconciliation is as follows:

	2023	2022
Profit/(loss) before income tax	**(47,544)**	**27,485**
Average tax at the theorical domestic rates applicable to profits in the respective countries		
Tax benefit / (expense) calculated at domestic tax rates	**9,356**	**(6,371)**
Tax effect of:		
- Effect of unrecognised deferred taxes on temporary differences	(3,606)	(2,108)
- Expense not deductible for tax purposes	(3,509)	(458)
- Income not subject to tax	78	699
- Other adjustments	(60)	-
	2,259	**(8,238)**

In 2023, the Fund was subject to income tax in Denmark, Norway, Finland and Sweden. The tax rate applied on results generated in Denmark and Norway are 22% (2022: 22%), in Sweden is 20.6% (2022: 20.6%), in Finland is 20% (2022: 20%).

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In Luxembourg, the income tax rate is 24.94% (2022: 24.94%). The Fund is not subject to an income tax but to an annual subscription tax of 0.01%, calculated and payable quarterly, on the aggregate Net assets value of the outstanding units of the Fund at the end of each quarter.

	Consolidated statement of financial position		Consolidated statement of profit or loss	
(in EUR '000)	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
Tax loss carried forward	613	508	105	258
Revaluations of Investment properties	(9,591)	(11,417)	1,827	(7,668)
Revaluation of derivative financial instruments	(157)	-	(157)	-
Right of Use asset	(3,082)	-	-	-
Lease liability	3,082	-	-	-
Other	6	3	(476)	(351)
Deferred tax (expense)/ income			**1,299**	**(7,761)**
Net deferred tax liabilities	**(9,129)**	**(10,906)**	-	-
Reported as assets	**619**	**511**	-	-
Reported as liabilities	**(9,748)**	**(11,417)**	-	-

At initial recognition, a temporary difference of TEUR 34,268 (2022: TEUR 20,185) exists between the carrying amount of investment property and its tax base, for which no deferred taxation has been provided.

This temporary difference resulted from acquisition of single asset entities that own investment property which were not considered to constitute a business.

Deferred income tax assets and deferred income tax liabilities presented separately as they are coming from different entities with different tax authorities.

14. Trade and other liabilities

As at 31 December 2023, other current liabilities include:

	As at December 31, 2023 TEUR	As at December 31, 2022 TEUR
Current liabilities to third parties*	17,987	3,334
Tenant deposits	4,112	3,105
Capital expenditure and utilities	1,644	7,553
Development costs	2,394	2,087
Accrued interest	1,414	428
VAT payable	879	1,280
Advances received	370	532
Management fees	-	30
Total	**28,800**	**18,349**

*Seller Credit is treated as deferred payment due to contractual restrictions that prohibit its use for any other purpose.

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As at 31 December 2023, other non-current liabilities consist of retention buffer from Stadet entity TSEK 15,000 (TEUR1,352) (2022: TEUR 1,349) and advances received amount to TEUR 50 (2022: TEUR nil). Current liabilities to third parties include Purchase Price adjustment for Sørkedalsveien 6, amount to TEUR 16,369.

15. Net assets attributable to Unitholders

Investors in the RAIF hold units (the "Units"). Except for persons engaged in the management of the RAIF, only well-informed investors, as defined by the article 2 of the RAIF law may invest in the RAIF.

Class A Units

The subscription price for each Class A Unit is EUR 100 and up to EUR 5.5 million Class A Units may be issued.

Investors hold Units in the RAIF ("Class A Units") in return for advancing their commitments to the RAIF in accordance with the Management Regulations. Class A Units may be issued in separate sub-classes but all A Units will entitle the relevant unitholders to receive the distributions to the extent that the RAIF has funds available for distribution and otherwise subject to the terms of the Management Regulations.

Class B Units

The subscription price for each Class B is EUR 0.01 and up to 2 million Class B Units may be issued.

The Carried Interest Partners (means CapMan, any of its Associates, any Key Executive, any director, officer, member or employee of CapMan or its Associates and/or any personal or collective holding vehicle of any of the aforementioned persons) will be issued with carried interest units in the RAIF ("Class B Units") which may be issued in separate sub-classes but which will entitle the Unitholders, to the extent that the RAIF has funds available for distribution and otherwise subject to the terms of the Management Regulations disclosing the criteria, to receive distributions of Carried Interest made by the RAIF. During the year ended 31 December 2023 and 31 December 2022, no carried interest has been paid as the required rate of return (IRR) have not been met.

Class A Units and Class B Units are together referred to herein as "Units". All Units are issued in registered form and fully paid-up. The total amount called since inception is TEUR 274,867 (2022: TEUR 190,799; 2021: TEUR 104,367).

	December 31, 2023		*December 31, 2022*		*December 31, 2021*	
in TEUR	**Commitment**	**NAV**	**Commitment**	**NAV**	**Commitment**	**NAV**
Class A units	563,677	248,965	563,677	208,293	563,677	107,195
Class B units	20	20	20	20	20	20
	563,697	**248,985**	**563,697**	**208,313**	**563,697**	**107,215**

	December 31, 2023		*December 31, 2022*		*December 31, 2021*	
in TEUR	**Units outstanding**	**Net assets value per unit**	**Units outstanding**	**Net assets value per unit**	**Units outstanding**	**Net assets value per unit**
Class A units	2,748,467	91	1,907,793	109	1,043,471	102
Class B units	2,000,000	-	2,000,000	-	2,000,000	-

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Distributions:

After the RAIF have fulfilled its obligation in regard to its liability, meaning all the fees, expenses and liabilities related to the business and operations of the RAIF including liabilities related to the loans, hedging and taxes (as the AIFM may reasonably determine), the RAIF can distribute to Unitholders pro-rata to each subject to the following order of priority:

(i) to the investor in repayment of its capital contributions which have been drawn down and which remain outstanding;
(ii) to the investor until it has received the preferred return (internal rate of 8% per annum on its drawn down commitment);
(iii) as to 40% to such investor and 60% to the carried interest partners in their respective catchup percentages until the carried interest partners have, in aggregate, received in respect of such investor an amount equal to the carried interest percentage (20%) of the aggregate amount of distributions made under paragraph (ii) and this paragraph (iii); and
(iv) thereafter 80% to the investor and 20% to the carried interest partners in their respective profit sharing percentages.
The distribution of carried interests is subject to clawback provision.

16. Rental income and revenue from contracts with customers

	2023 TEUR	2022 TEUR
Rental income retail	680	468
Rental income office	14,301	10,137
Rental income industrial	450	852
Rental income-others	3,686	1,993
Rental income	**19,117**	**13,450**
Services to tenants	2,194	1,366
Total rental income and revenue from contracts with customers	**21,311**	**14,816**

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	As at December 31, 2023	As at December 31, 2022
Not later than 1 year	19,498	13,925
Later than 1 year and not later than 5 years	44,235	32,523
Over 5 years	25,769	7,082
	89,502	**53,530**

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17. Property operating expenses

Details of the operating expenses are as follows:

	2023 TEUR	2022 TEUR
Maintenance	2,382	1,181
Property tax	2,006	1,116
Electricity and gas	2,049	1,099
Administration	1,162	813
Heating	1,438	872
Asset / property management fee to third parties	291	149
Asset management fees (Note 20)	362	837
Insurance (property full value insurance)	119	195
Water and Waste water	278	139
Other expenses	472	297
Total	**10,559**	**6,698**

18. Administrative and other expenses

Administrative and other expenses are composed of expenses relating to the Group and expenses realting to the properties.

	2023 TEUR	2022 TEUR
Management fee expense (Note 20)	4,272	3,762
Administrator's fee	1,453	681
Audit fees	220	145
Legal fees	103	203
Other advisory services	304	220
Custodian fees*	77	(2)
Other administration expenses	1,834	2,554
Advisory expenses	749	158
Non-recoverable VAT	40	322
Expected credit losses charge	48	-
Total	**9,100**	**8,043**

*The income of TEUR 2 in 2022 is due to the release of the over accrual of 2021 custodian fees.

Other administrative expenses consists with aborted projects costs and debt and other miscellaneous external charges.

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19. Finance income and costs

Details of the finance income and costs are as follows:

	2023 TEUR	2022 TEUR
Foreign exchange gain	-	4
Fair value gains from derivatives	805	3,424
Other interest income	680	-
Other financial income	59	28
Finance income	**1,544**	**3,456**
Interest expense on bank borrowings	(15,906)	(4,930)
Amortization of loan transaction costs	(1,103)	(741)
Interest expense on other liabilities	(537)	(163)
Fair value losses from derivatives	(3,254)	(345)
Foreign exchange losses	(2,495)	(4,160)
Loan arrangement fees	(437)	(98)
Other financial expenses	(834)	(173)
Finance costs	**(24,566)**	**(10,610)**
Finance costs - net	**(23,022)**	**(7,154)**

Interest expense on bank borrowings amount to TEUR 15,906. The increase relates to additions in loan principal amounts and significant changes in effective interest rates applied to loans. Interest expense on bank borrowings was offset with interest income from derivatives for TEUR 1,959.

20. Related parties transactions

The Fund's related parties correspond to the subsidiaries shareholders, investors and to the Manager of the Fund (Refer to note 15 for the transactions with Fund's Investors).

Shareholder Loan
On 9 April 2021 and 10 December 2021, two Shareholder Loan Agreements were signed between the Fund and CASA Projekt, the minority shareholder for the project CC Residential and Lindevangs Alle, with maturity dates 30 June 2024 and 31 December 2030 respectively (refer to note 12).
On 13 June 2022 Shareholder Loan Agreement was signed between the Fund and CASA Projekt, the minority shareholder for the project CC Residential and Lindevangs Alle, with maturity date 31 December 2030 (refer to note 12).

Non-controlling interest

	December 31, 2023 TEUR	December 31, 2022 TEUR
Capital contribution	4	2,309
Increase in net asset	(1,237)	835
Total	**(1,233)**	**3,144**

There were no dividends paid to Non-Controlling interest during the year. (2022: 0 TEUR)

On December 18th 2023 CASA Projekt A/S increased its share capital by 4 shares.

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Fund Management fee
The Management Company is entitled to a management fee in relation to the management of the Fund. The management fee is computed at the level of the Fund and depends on the commitment of each investor of the Fund.
For each of the periods specified below (including, for the avoidance of doubt, the balance of the accounting period in which the relevant date occurs), the management fee shall be:
(A) from the date of the First Closing until the fourth anniversary of such date, the Management Fee will be:
(i) in respect of an Investor whose Commitment is less than €50 million:
- 1.5 per cent. per annum of such Investor's Share of the Invested Capital; plus
- 1 per cent. per annum of such Investor's undrawn Commitment; and
(ii) in respect of an Investor whose Commitment is at least €50 million:
- 1.25 per cent. per annum of such Investor's Share of the Invested Capital; plus
- 0.75 per cent. per annum of such Investor's undrawn Commitment; and
(B) after the fourth anniversary of the date of the First Closing:
(i) in respect of an Investor whose Commitment is less than €50 million:
- 1.5 per cent. per annum of such Investor's Share of the Invested Capital; and
(ii) in respect of an Investor whose Commitment is at least €50 million:
- 1.25 per cent. per annum of such Investor's Share of the Invested Capital
and provided that the rates above shall be reduced by 25 basis points for those Investors who make their Commitment at the first closing or any other closing held prior to 1 September 2020 (the "First Closing Reduction").

The Fund pays an Fund Management fee to CapMan Real Estate Manager S.A. Fund Management fees are based on the committed equity, with a division based on drawn and undrawn equity, held by each party at a prescribed percentage over the financial year multiplied by the percentage of the equity held. The management fees that were paid by the Fund to the Management Company are further detailed in Note 17.

Carried interest
There is no carried interest paid or accrued for the year 2023 as no required IRR rate has been met (refer to Note 15 for calculation approach).

Asset management fees
During the year, CapMan group companies provided asset management services to certain Fund's entities holding the investments and are entitled to charge asset management fees in addition to Fund Management fees for those services in accordance with the Management Regulations. During the year, the asset management fees are amounting to TEUR 362.

AIFMD reporting fee
The Fund pays an AIFMD reporting fee, amounting to TEUR 1 to CapMan Real Estate Manager S.A. during the year ended December 31, 2023.

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21. List of consolidated entities

Entities included in the scope of consolidation are disclosed in the tables below.

			As at December 31, 2023		As at December 31, 2022	
Name	**Country**	**Consolidation method**	**Percentage of control**	**Percentage of interest**	**Percentage of control**	**Percentage of interest**
CapMan Nordic Real Estate III FCP-RAIF	Luxembourg	Parent	-	-	-	-
CMNRE III Holding SCSp	Luxembourg	Full integration	100.0%	100.0%	100.0%	100.0%
CMNRE III Holding GP S.à r.l.	Luxembourg	Full integration	100.0%	100.0%	100.0%	100.0%
CMNRE III Investments S.à r.l.	Luxembourg	Full integration	100.0%	100.0%	100.0%	100.0%
CMNRE III Admin ApS	Denmark	Full integration	100.0%	100.0%	100.0%	100.0%
Lindevangs Alle 8-12 ApS	Denmark	Full integration	85.0%	85.0%	85.0%	85.0%
CC Residential JV K/S	Denmark	Full integration	85.0%	85.0%	85.0%	85.0%
General Partner CC JV ApS	Denmark	Full integration	90.0%	90.0%	90.0%	90.0%
Campus Aarhus PropCo ApS	Denmark	Full integration	100.0%	100.0%	100.0%	100.0%
Centrum Kontorerene RK 2020 ApS	Denmark	Full integration	100.0%	100.0%	100.0%	100.0%
Verdict ApS	Denmark	Full integration	100.0%	100.0%	100.0%	100.0%
CMNRE III Finland Ky	Finland	Full integration	100.0%	100.0%	100.0%	100.0%
CMNRE III Finland GP Oy	Finland	Full integration	100.0%	100.0%	100.0%	100.0%
Downtown Diamonds Ky	Finland	Full integration	100.0%	100.0%	100.0%	100.0%
Downtown Offices GP Oy	Finland	Full integration	100.0%	100.0%	100.0%	100.0%
Pasilanraitio 5 Holding Oy	Finland	Full integration	100.0%	100.0%	100.0%	100.0%
Kiinteistö Oy Pasilanraitio 5	Finland	Full integration	100.0%	100.0%	100.0%	100.0%
Kiinteistö Oy Kumpulantie 3	Finland	Full integration	100.0%	100.0%	100.0%	100.0%
Kiinteistö Oy Vanha Kuortaneenkatu 1	Finland	Full integration	100.0%	100.0%	100.0%	100.0%
Kiinteistö Oy Vanha Talvitie 11	Finland	Full integration	100.0%	100.0%	100.0%	100.0%
Warehouse Collection GP Oy	Finland	Full integration	100.0%	100.0%	100.0%	100.0%
Warehouse Collection Ky	Finland	Full integration	100.0%	100.0%	100.0%	100.0%
Kiinteistö Oy Lentorahdintie 141	Finland	Full integration	100.0%	100.0%	100.0%	100.0%

Pukkila Housing GP Oy	Finland	Full integration	100.0%	100.0%	100.0%	100.0%
Pukkila Housing Ky	Finland	Full integration	100.0%	100.0%	100.0%	100.0%
Asunto Oy Turun Hygge	Finland	Full integration	100.0%	100.0%	100.0%	100.0%
CMNRE III KA10 HoldCo AS	Norway	Full integration	100.0%	100.0%	100.0%	100.0%
Kristian Augusts gate 10 AS	Norway	Full integration	100.0%	100.0%	100.0%	100.0%
CMNRE 6 AS	Norway	Full integration	100.0%	100.0%	100.0%	100.0%
CMNRE Sadelplatsen AB	Sweden	Full integration	100.0%	100.0%	100.0%	100.0%
CMNRE Rocky TopCo AB	Sweden	Full integration	100.0%	100.0%	100.0%	100.0%
CMNRE Rocky HoldCo AB	Sweden	Full integration	100.0%	100.0%	100.0%	100.0%
CMNRE Rocky GP AB	Sweden	Full integration	100.0%	100.0%	100.0%	100.0%
CMNRE VRETEN 8 KOMMANDITBOLAG	Sweden	Full integration	100.0%	100.0%	100.0%	100.0%
CMNRE VRETEN 17 AB	Sweden	Full integration	100.0%	100.0%	100.0%	100.0%
CMNRE VRETEN 25 AB	Sweden	Full integration	100.0%	100.0%	100.0%	100.0%
CMNRE Häggvik HoldCo AB	Sweden	Full integration	100.0%	100.0%	100.0%	100.0%
CMNRE III Tool PropCo AB	Sweden	Full integration	0.0%	0.0%	100.0%	100.0%
CMNRE III Kasernen ab	Sweden	Full integration	99.8%	99.8%	99.8%	99.8%
CMNRE III Vaggeryd Tokarp BidCo AB	Sweden	Full integration	100.0 %	100.0 %	0.00%	0.00%
CMNRE III Vaggeryd Tokarp JVCo AB	Sweden	Full integration	100.0 %	100.0 %	0.00%	0.00%
Seminaarinkatu 2 Holding Oy	Finland	Full integration	100.0 %	100.0 %	0.00%	0.00%
Kiinteistö Oy Seminaarinkatu 2	Finland	Full integration	100.0 %	100.0 %	0.00%	0.00%
Sørkedalsveien 6 AS	Norway	Full integration	100.0 %	100.0 %	0.00%	0.00%

February 3, 2023 The RAIF had restructured its holding structure by transferring the ownership of CMNRE III Finland Ky and CMNRE III Finland GP Oy from the RAIF to CMNRE III Investments S.à r.l.

During the year 2023 CMNRE III Tool PropCo AB was sold through a share deal agreement gaining a loss of TEUR 3,572.

As at December 31, 2023 one new property company, Sørkedalsveien 6 AS, was acquired in Norway through a share purchase agreement. The CMNRE III Investments S.à.r.l (LuxCo) owns 100% of the shares of new acquisition. In addition, a new local holding and property company where incorporate in

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Sweden, named CMNRE III Vaggeryd Tokarp BidCo AB and CMNRE III Vaggeryd Tokarp JVCo AB respectively.

Set out below are purchase price for acquisitions during the year 2023 and their investment properties fair value reconciliations:

	Sørkedalsveien 6 **TEUR**	Total **TEUR**
Investment property	105,128	105,128
Deferred Tax	(6,901)	(6,901)
Transaction cost	170	170
Total Investment property	**98,397**	**98,397**
Current assets	329	329
Current liabilities	(393)	(393)
Purchase price	**98,333**	**98,333**
Cash acquired	(30)	(30)
Purchase Price net of cash acquired	**98,303**	**98,303**

Name	Country	Date of acquisition	% of control	IP acquisition cost TEUR	Add-on investment TEUR	Fair value adjustment TEUR	Forex effect TEUR
Sørkedalsveien 6	Norway	30.06.2023	100.00%	98,397	4,768	11,135	-

Set out below are purchase price for acquisitions during the year 2022 and their investment properties fair value reconciliations:

	Pukkila Housing Ky **TEUR**	Pasilanraitio 5 Holding Oy* **TEUR**	Total **TEUR**
Investment property	4,430	12,283	16,713
Transaction cost	139	402	541
Total Investment property	**4,569**	**12,685**	**17,254**
Current assets	-	792	792
Current liabilities	-	(88)	(88)
Purchase price	**4,569**	**13,389**	**17,958**
Purchase Price net of cash acquired	**4,569**	**13,389**	**17,958**

Name	Country	Date of acquisition	% of control	IP acquisition cost TEUR	Add-on investment TEUR	Fair value adjustment TEUR	Forex effect TEUR
Pukkila Housing Ky	Finland	25.08.2022	100.00%	4,569	3,884	2,511	-
Pasilanraitio 5 Holding Oy	Finland	04.05.2022	100.00%	12,685	215	(600)	-

*Pasilanraitio 5 Holding Oy is one of the investments of Downtown Dimond

For more details please refer to the Note 8.

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22. Changes in liabilities arising from financing activities

2023:

	1 January 2023	Cash flows	Loan from share deal	Foreign exchange movements	Other movements	Change in fair value	31 December 2023
	TEUR	TEUR		TEUR	TEUR	TEUR	TEUR
Loans from financial institutions	287,126	43,327	-	(411)	650	-	330,692
Liabilities to unitholders and non controlling interest	215,144	84,372	-	-	(44,632)	-	254,884
Total	**502,270**	**127,699**	**-**	**(411)**	**(43,982)**	**-**	**585,576**

2022:

	1 January 2022	Cash flows	Loan from share deal	Foreign exchange movements	Other movements	Change in fair value	31 December 2022
	TEUR	TEUR		TEUR	TEUR	TEUR	TEUR
Loans from financial institutions	93,216	201,412	-	(6,443)	(1,059)	-	287,126
Liabilities to unitholders and non controlling interest	109,480	90,164	-	-	15,500	-	215,144
Total	**202,696**	**291,576**	**-**	**(6,443)**	**14,441**	**-**	**502,270**

23. Contingencies and commitment

Mortgages on land and buildings

As at 31 December 2023, project Lindevangs was pledged against the loan of MDKK 84.5 equivalent to MEUR 11.3 (2022: MDKK 84.5, MEUR 11.4).

As at 31 December 2023, the project Kristian August Gate 10 was pledged against the loan of MNOK 72 equivalent to MEUR 6.4 (2022: MNOK 72, MEUR 6.8).

As at 31 December 2023, the project Jaguar was pledged against the loan of MSEK 150 equivalent to MEUR 13.5 (2022: MSEK 150, MEUR 13.5).

As at 31 December 2023, the project Städet was pledged against the loan of MSEK 240 equivalent to MEUR 21.6 (2022: MSEK 240, MEUR 21.6).

As at 31 December 2023, the project Rocky was pledged against the loan of MSEK 429 equivalent to MEUR 38.7 (2022: MSEK 429, MEUR 38.6).
As at 31 December 2023, the project CC Residential JV was pledged against the loan of MDKK 517.3 equivalent to MEUR 69.4 (2022: MDKK 517.3, MEUR 69.6).

As at 31 December 2023, the project Verdict was pledged against the loan of MDKK 228 equivalent to MEUR 30.6 (2022: MDKK 228, MEUR 30.7).

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As at 31 December 2023, the project Henry was pledged against the loan of MEUR 54.4 (2022: MEUR 54.4)

As at 31 December 2023, the project Royal Park was pledged against the loan of MSEK 350 equivalent to MEUR 31.5 (2022: MSEK 350, MEUR 31.5).

As at 31 December 2023, the project Sorkedalsveien 6 was pledged against the loan of MNOK 732 equivalent to MEUR 65.1 (2022: MNOK nil, MEUR nil).

Shares and partnership interest

As at 31 December 2023, the partnership interest in CMNRE VRETEN 8 KB and shares in the following entities have been pledged as collaterals on loans from financial institutions::

CMNRE Sadelplatsen HoldCo AB
CMNRE Häggvik HoldCo AB
CMNRE Städet AB
CMNRE Rocky GP AB
CMNRE VRETEN 17 AB
CMNRE VRETEN 25 AB
CentrumKontorerne RK 2020 ApS
Pasilanraitio 5 Holding Oy
Kiinteistö Oy Pasilanraitio 5
Kiinteistö Oy Kumpulantie 3
Kiinteistö Oy Kuortaneenkatu 1
Kiinteistö Oy Vanha Talvitie 11
CMNRE III Kasernen AB
Sorkedalsveien 6 AS

Shareholder loans

As at 31 December 2023, shareholder loans in the following entities have been pledged as collaterals on loans from financial institutions:

CMNRE Sadelplatsen HoldCo AB
CMNRE Häggvik HoldCo AB
CMNRE III Investments S.A.R.L
CMNRE VRETEN 8 KB
CMNRE VRETEN 17 AB
CMNRE VRETEN 25 AB
Verdict ApS
Pasilanraitio 5 Holding Oy
Kiinteistö Oy Pasilanraitio 5
Kiinteistö Oy Kumpulantie 3
Kiinteistö Oy Kuortaneenkatu 1
Kiinteistö Oy Vanha Talvitie 11
CMNRE III Kasernen AB

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24. Events after the date of the consolidated statement of financial position

On February 22, 2024, the Fund sent drawdown notices to its Limited Partners for a total amount of TEUR 4,000 and payment due date of March 15, 2024 in order to invest in projects Vreten, Royal Park and Homeland.
In addition on February 28, 2024, the Fund sent drawdown notices to its Limited Partners for a total amount of TEUR 2,140 and payment due date of March 20, 2024 related to the collection of the fund's management fees for the period from 1 January 2024 to 30 June 2024.
On April 15, 2024, the Fund sent drawdown notices to its Limited Partners for a total amount of TEUR 18,000 and payment due date of May 7, 2024 in order to invest in projects Henry, Vreten, Städet, Royal Park and Seminaarin koulu.

The loan maturity of Sadelplatsen (Jaguar) was extended with Pareto on March 19th, new maturity for the loan is 27/09/2025.
The Fund has a credit facility with SEB. To repay the facility of EUR 10,5 million maturing in H1/2023 the Fund has issued capital call from the Unitholders of the Fund.

On February 15, 2024 the Fund completed the acquisition of Seminaarin koulu in an asset deal. The bank loan in Project Jaguar matured on March, 27 2024 and was subsequently refinanced with Pareto bank at the same principal with new maturity being on September, 27 2025.

CapMan Nordic Real Estate III FCP-RAIF

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2023

Annex – Alternative Investment Fund Managers' Directive ("AIFMD") Disclosures (unaudited)

Remuneration

Salaries and emoluments paid to the personnel of the Alternative Investment Fund Manager CapMan AIFM Oy acted as Fund's alternative investment fund manager, which had during year 2023 paid remuneration to 36 persons total amount of 3 501 220 euros. From the total amount, the fixed remuneration was 3 126 061 euros and variable remuneration 375 159 euros. CapMan AIFM has identified 10 employees acting risk takers and working in control functions (identified employees). Of the total remuneration, 1 906 235 euros were paid as remuneration to identified employees. From this amount, the fixed remuneration was 1 602 980 euros and variable remuneration was 303 255 euros.

Leverage

CapMan Nordic Real Estate III Fund FCP-RAIF Gross	284.70%
Commitment	228.60%

Internal control and risk management

The aim of the CapMan AIFM Ltd's internal control and risk management is to ensure that the company's operations are efficient, appropriate, reliable and in compliance with regulation, and that risks associated with the operations and investments are identified and appropriately monitored and managed. The internal control system consists of policies, processes, working instructions, allocation of tasks and responsibilities, approval authorizations, manual and automated controls, monitoring reports and reviews. The CapMan AIFM Ltd Board of Directors is responsible for the internal control and the risk management, but the internal control is conducted on all levels of the organization, and every employee is individually responsible for the compliance of policies and instructions and for reporting the faults and malpractice to their supervisor or other designated persons. Internal audit function examines and evaluates the adequacy and effectiveness of the AIFM's systems, Internal control mechanisms and arrangements.

Risk profile and partnership

The objective of the investment operations of the Fund is to provide stable and secure long-term returns to its investors with emphasis on annual income distributions. The total net return target on invested equity is 6-7% IRR while the targeted annual cash distribution yield on invested equity is 3.5%. The Fund seeks to achieve its target return by investing in a diversified portfolio of well-located, sustainable, and affordable, rental residential properties targeted at middle-income tenants in the major cities, towns and urban areas across Denmark, Finland, Norway, and Sweden. These investments are illiquid in nature, but the assets have a predictable cash flow profile. The Fund does not seek to raise external debt financing to increase investors exposure beyond their commitment but seeks to utilize moderate financial leverage at investment level with a long-term consolidated target LTV (on portfolio's Gross Asset Value) across the Fund's portfolio of 40%. The Fund may use derivatives for hedging purposes,

especially when managing the interest rate and FX risk, and to increase the stability of future income distributions. The Fund is exposed to several risks that may have an effect to the Fund's performance:

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Market risks

Risks arising from changes in market variables which are not directly under the Fund's control. These include changes in macroeconomic factors and changes in capital markets, changes in interest rate levels and foreign exchange rates as well as price and liquidity risks in the private market. Due the nature of the AIFs managed by AIF Manager market risk appetite is considered to be high. The risk is mitigated trough a structured investment screening and due diligence process and each investment is analysed by its risk and return profile to fit in each AIF investment strategy. The performance, risk concentrations, and investment restrictions of the investments are monitored as stated in risk management policy.

Financial risks

Risks related to the availability and use of financing, liquidity between the Fund and its investors and the Fund and its obligors as well as credit risk. Financing risks arise from financial instruments to which the Fund including its investments are exposed in the Fund operations. Liquidity risk is one of the major risks related to illiquid investments and means a risk associated with fund short term liquidity management and capacity of the Fund to generate or obtain enough cash or its equivalent in a timely manner at a reasonable price to meet its commitments as they fall due. Risk can occur in the relation to realisation of an illiquid investment particularly in difficult market conditions, in relation to operating expenses, debt services and taxes, capital expenditures and other unexpected capital needs or addon investments. Realisation of liquidity risk may lead to losses and delay the execution of redemptions in open-ended Funds. AIF Manager has internal policy regarding AIF liquidity management where more detailed risk management process is defined. Financial risks are mitigated trough a continuous monitoring process where each AIF leverage and liquidity status are followed. Leverage levels are followed in connection of each new investment as well as quarterly and reported to the Board. AIFs may use hedging arrangement to mitigate interest rate or foreign exchange risk, but AIF may not use derivatives for speculative purposes or over-hedge its positions. Furthermore, open-ended AIFs leverage and liquidity is tested at least annually through stress tests and liquidity limits are defined in the AIF Managers liquidity management policy.

Operational risks

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes or systems, human error or from external events and cyber security related events. Operational risks are also risks related to underlying portfolio company or investment property management that are not classified market, financial, regulatory, and legal, counterparty or sustainability risks. Operational risks are managed by having clear roles and responsibilities, effective and automated procedures and by having control points in place in its main procedures and processes. AIF Manager monitors and documents each occurred operational risk event, analyses the severity of each incident and documents the correcting actions of each operational error. Operational errors are reported to the AIF Manager Board quarterly.

Regulatory, compliance and tax risks

Regulatory, compliance and tax risks refer to the risk of adverse changes in the regulatory environment, interpretation of the legislation and regulations in the operating environment and unexpected changes in international taxation and tax conventions between countries Funds are associated with its fund structure which may lead to typically neutral treatment of investors for tax purposes. Due the nature of the business of AIF Manager, there are no appetite for regulatory, compliance and tax risks. AIF Manager has compliance function which follows that the operations are aligned with current regulatory framework, laws, and other authority guidance. Each AIF has dedicated legal counsel, who is taking part of the day-to-day operations form legal perspective and guides the investment teams from legal matters. For each new investment, external legal counsel is utilised for legal due diligence. Tax risks are mitigated trough a CapMan group wide policies and guidance and by performing tax review on each investment by internal tax professional.

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Counterparty risks

Risk of the potential failure by the counterparty to meet its obligations in a transaction between the parties. The counterparty risk typically arises in connection with the trading and settlement of transactions. AIF Manager enters the transactions with multiple different counterparties through its managed AIFs. Counterparty risk is managed by thorough "Know-Your-Customer" process which is carried out each time the AIF is in direct contact with new counterparty (e.g., investor, buyer, seller, delegation partner, other customer). AIF Manager establishes relationship mainly with reputable and notable parties in the Nordics region. When possible, AIF Manager uses standardised and generally approved contract templates when entering into the binding agreements with the counterparties. AIF Manager follows CapMan Group level Supplier Code of Conduct which guides in the selection of business counterparties.

Sustainability risks

The investment activities that AIF Manager undertakes through the AIFs may have adverse environmental, social and/or governance impacts, and AIF Manager is collecting and reporting on a set of adverse impact indicators from its investments. The AIF Manager also seeks to identify and mitigate such impacts through screening, a restriction list, due diligence, risk management, stakeholder engagement and active value creation of the investment. Sustainability risk means an environmental, social, or governance ("ESG") event or condition that could cause a material negative impact on the value of an investment and/or returns from that asset. Sustainability risks are integrated in the investment decision-making process as follows:

- Potential sustainability risks are identified and their likelihood of occurrence and severity if realised is evaluated.
- A course of action is identified for eradicating or mitigating the sustainability risk or, if the risk is deemed too severe, a decision is made to not move ahead with the investment.

Sustainability risks associated with an investment are presented to the AIF Manager board of directors, which makes the investment decision. Prior to each individual investment, due diligence of the investment opportunity is conducted, including ESG due diligence or assessment that evaluates potential sustainability risks based on, among others, the following (not exhaustive) characteristics of the potential investment:

- Emissions of greenhouse gasses
- Energy management
- Water usage & waste management
- Biodiversity, pollution, and nature impacts
- Human and labour rights throughout the value chain
- Corruption
- Poor governance practices

In addition, the ESG due diligence also includes a screening of potential climate risks i.e., risks associated with increased temperatures and their potential physical impacts, as well as transitional risks from a shift toward a lower-carbon economy, driven by policy, regulations, low-carbon technology advancement, consumer preferences, and liability risks from stranded assets. ESG due diligence forms part of the overall risk assessment. The outcome of the risk analysis determines the level of controllable risks and details whether further action is required to proceed with the investment and what the follow-up for each identified risk is. Each investment includes ESG business plan, objectives, and sustainability KPIs based on the risks identified in the initial due diligence of the asset and it is determined that the investment is suitable for each AIF based on AIFs SFDR classification.

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CapMan Nordic Real Estate III FCP-RAIF

Recent changes in risk environment

In 2023, the market has seen continued uncertainty and a slowdown in the transaction market. Inflation remaining above the European Central Bank's target and Euribor rates at their highest level in more than a decade have increased pressure on operative costs, increased market uncertainties and slowing down fundraising in particular.

The development of valuation levels over the year has been subdued. The cautious interest rate policy of the European Central Bank has been a contributory factor to market uncertainty. However, inflation has remained stronger than expected, adding to uncertainty about the timing of rate cuts. Potentially prolonged higher interest rates and inflation could affect valuation levels in 2024.

Although interest rates and inflation have remained high, market conditions have had a limited impact on the Fund or its investments. The prevailing uncertainty may also offer attractive investment opportunities. The AIF Manager constantly monitors market developments and takes active steps to mitigate the negative impact on the fund and to take advantage of opportunities arising from changes in market conditions.