FB 40 ApS

c/o Aberdeen Asset Management Denmark A/S
Strandvejen 58, 2
2900 Hellerup
CVR no. 14 22 64 35

Annual report for 2017

Adopted at the annual general meeting on 31 May 2018

N. C. Wedell-Wedellsborg

Niels Christian Wedell-Wedellsborg

chairman

Statement by management on the annual report

The executive board has today discussed and approved the annual report of FB 40 ApS for the financial year 1 January - 31 December 2017.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January - 31 December 2017.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Copenhagen, 31 May 2018

Executive board

Pernille Ohlsen	Michael John Fitzgerald	Niels Christian Wedell-Wedellsborg

Independent auditor's report

To the shareholders of FB 40 ApS

Opinion

We have audited the financial statements of FB 40 ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 december 2017 and of the results of the company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

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

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on management's review
Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 31 May 2018

Deloitte
Statsautoriseret revisionspartnerselskab
CVR no. 33 96 35 56

Lars Andersen
State Authorised Public Accountant
MNE no. mne27762

Company details

The company	FB 40 ApS c/o Aberdeen Asset Management Denmark A/S Strandvejen 58, 2 2900 Hellerup	
	CVR no.:	14 22 64 35
	Reporting period:	1 January - 31 December 2017
	Domicile:	Gentofte
Executive board	Pernille Ohlsen Michael John Fitzgerald Niels Christian Wedell-Wedellsborg	
Auditors	Deloitte Statsautoriseret revisionspartnerselskab Weidekampsgade 6 0900 København C	

Management's review

Business activities
The objektive of the Company is to hold properties, both under own auspices and through subsidiaries, and other related activities.

Development in activities and finances.
The company owns the properties Frederiksborggade 5.

Profit before tax is DKK 179.920 thousand (2016: Profit DKK 82,714 thousand) is impacted by fair value ajustments in investment property of DKK 46.132 thousand (2016: DKK 84,954 thousand) and profit on sale of investments property of DKK 104,824 thousand.

Profit of the year is DKK 131.607 thousand (2016: DKK 77,957 thousand).

Management regards results as satisfactory.

Assets total DKK 330,008 thousand, of out which DKK 233,400 thousand comprise the investment properties recognised at fair value and DKK 41,285 comprise investments in subsidiaries.

As of 31 December 2017, equity is DKK 123.454.

Recognition and measurement uncertainties
The investment properties are measured at fair value. The property of Frederiksborggade 5 is maesured at DKK 233,400 Thousand against DKK 106,200 thousand last year.

Based on the external valuar's calculation, the fair value was assessed based on budgeted future cash flows from operating income. The fair value is then calculated as the stabilised net operating income divided by the exit yield, and the subjected to adjustments for loss of rent in estimated vacany perios and to regulations to market rent and corresponding capital expenditures.

The Exit Yield is based on a long-term risk.free nominal interest rate plus a risk adjusment. The risk adjustment is made based on an assessment of the solvency of tenants and the duration of the leases. The Yield for Frederiksborggade 5 has been determined to 3.19% against 4.10% last year.

Change in the valuation of the investment property is the pricipal financial risk for the company and, as such, has a significant impact on the income statement. The calculation of the value of the investment property is subject in net operating income and changes in the market valuation of the exit yield.

Outlook
The Company expects to continue investing in the development of the property portfolio. This is expected to lead to an increase in revenue and an improvement of the operating income.

Management's review

Significant events occurring after end of reporting period
No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement
1 January 2017 - 31 December 2017

	Note	2017 TDKK	2016 TDKK
Revenue		**10.568**	**8.792**
Other operating income	1	104.824	0
Other external expenses		-32.987	-20.025
Gross profit		**82.405**	**-11.233**
Value adjustments of assets held for investment		46.132	84.954
Profit/loss before financial income and expenses		**128.537**	**73.721**
Income from investments in subsidiaries	2	55.838	12.286
Financial income		83	0
Financial costs	3	-4.539	-3.293
Profit/loss before tax		**179.919**	**82.714**
Tax on profit/loss for the year	4	-51.712	-4.757
Net profit/loss for the year		**128.207**	**77.957**

Proposed distribution of profit

		2017 TDKK	2016 TDKK
Extraordinary dividend for the year		287.688	0
Reserve for net revaluation under the equity method		-43.161	12.285
Retained earnings		-116.320	65.672
		128.207	**77.957**

Balance sheet at 31 December 2017

	Note	2017 TDKK	2016 TDKK
Assets			
Investment properties	5	233.400	384.200
Tangible assets		**233.400**	**384.200**
Investments in subsidiaries	6	41.273	84.435
Fixed asset investments		**41.273**	**84.435**
Fixed assets total		**274.673**	**468.635**
Other receivables		14.015	5.534
Corporation tax		0	69
Receivables		**14.015**	**5.603**
Cash at bank and in hand		**45.232**	**25.792**
Current assets total		**59.247**	**31.395**
Assets total		**333.920**	**500.030**

Balance sheet at 31 December 2017

	Note	2017 TDKK	2016 TDKK
Liabilities and equity			
Share capital		1.777	1.777
Reserve for net revaluation under the equity method		5.274	48.435
Retained earnings		113.002	229.322
Equity	7	**120.053**	**279.534**
Provision for deferred tax		21.730	4.757
Other provisions		10.533	11.024
Provisions total		**32.263**	**15.781**
Banks		37.532	108.225
Deposits		669	2.659
Long-term debt	8	**38.201**	**110.884**
Short-term part of lon-term debt	8	1.564	4.028
Banks		49.615	60.295
Trade payables		6.297	2.161
Payables to subsidiaries		19.746	18.942
Corporation tax		34.671	0
Other payables		31.510	8.405
Short-term debt		**143.403**	**93.831**
Debt total		**181.604**	**204.715**
Liabilities and equity total		**333.920**	**500.030**
Contingent assets, liabilities and other financial obligations	9		
Charges and securities	10		
Related parties and ownership	11		

Notes

		2017	2016
		TDKK	TDKK
1	**Other operating income**		
	Gain/loss on sale of assets	104.824	0
		104.824	**0**

2	**Income from investments in subsidiaries**		
	Share of profits of subsidiaries	55.838	12.286
		55.838	**12.286**

3	**Financial costs**		
	Financial expenses, group entities	186	178
	Other financial costs	4.353	3.115
		4.539	**3.293**

4	**Tax on profit/loss for the year**		
	Current tax for the year	34.739	0
	Deferred tax for the year	16.973	4.757
		51.712	**4.757**

Notes

5 Assets measured at fair value

	Investment properties
Cost at 1 January 2017	284.143
Additions for the year	32.053
Disposals for the year	-181.058
Cost at 31 December 2017	135.138
Revaluations at 1 January 2017	100.058
Revaluations for the year	46.136
Disposals	-47.932
Revaluations at 31 December 2017	98.262
Carrying amount at 31 December 2017	**233.400**

Investment properties are as described in the accounting policies, measured at fair value by an external appraiser. The external appraiser has received relevant documents and information in order to complete valutaion reports. The material includes but is not limited to:

- Brief description of the property
- Tenant overview including tenant name, type of use, area, current rent, deposit, non-terminal ability profile
- New lease agreements and terminations
- Known capex cost and expected capex cost
- Information on identified potentials and development possibilities including building rights

The value of the investment properties are measured at fair value, based on a discounted cash flow calculation. The estimated fair value is calculated on the basis of the discounted cash flows in the 5 year budget period and the discounted value of the terminal value.

The equivalent yield on the properties is fixed based on a consideration of several factors, such as: location, condition and repair of the building - including ground and groundwater contamination, tenure, letting, including tenant mix and tenant's standing, town planning non-terminal ability profile and on an estimate of how the general property market is developing.

Notes

5 Assets measured at fair value (Fortsat)

Significant assumptions in the valuation report:

Current vacant leases are assumed to be leased after 12 months. Cash flows on vacant leases are attached with extected market rents. All uncertainties connected with the vacant areas have been considered in the valuation reports.

The equivalent yield on the Company's property are 3,19 % as of 31 December 2017, compared with 3,74 % - 4,10 % as of 31 December 2016. This leading to a valuation on 233,400,000 DKK as of 31 December 2017 (384,200,000 as of 31 December 2016).

A change in the equivalent yield on +0,5% would change the market value of the property to 201,800,000 DKK, where a change on -0,5% would change the market vlaue to 276,800,000 DKK.

	2017	2016
	TDKK	TDKK
Investments in subsidiaries		
6		
Cost at 1 January 2017	36.000	36.000
Cost at 31 December 2017	36.000	36.000
Revaluations at 1 January 2017	48.435	36.150
Net profit/loss for the year	55.838	12.285
Received dividend	-99.000	0
Revaluations at 31 December 2017	5.273	48.435
Carrying amount at 31 December 2017	**41.273**	**84.435**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
KG 47 P/S	Gentofte	99%
KG 47 GP ApS	Gentofte	100%

Notes

7 Equity

	Share capital	Reserve for net revalua-tion under the equity method	Retained earnings	Proposed extraordinary dividend	Total
Equity at 1 January 2017	1.777	48.435	229.322	0	279.534
Extraordinary dividend paid	0	0	0	-287.688	-287.688
Net profit/loss for the year	0	-43.161	-116.320	287.688	128.207
Equity at 31 December 2017	**1.777**	**5.274**	**113.002**	**0**	**120.053**

The share capital consists of 1.777 shares of a nominal value of TDKK 1.000. No shares carry any special rights.

The share capital has developed as follows:

	2017	2016	2015	2014	2013
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 January 2017	1.777	1.777	1.200	1.200	800
Additions for the year	0	0	577	0	400
Share capital	**1.777**	**1.777**	**1.777**	**1.200**	**1.200**

8 Long term debt

	Debt at 1 January 2017	Debt at 31 December 2017	Payment within 1 year	Debt after 5 years
Banks	108.225	39.096	1.564	34.014
Deposits	2.659	669	0	0
	110.884	**39.765**	**1.564**	**34.014**

Notes

9 Contingent assets, liabilities and other financial obligations

The Entity serves as an administration company in the Danish joint taxation arrangement. According to the joint taxation provisions of the Danish corporation Tax Act, the Entity is therefore liable from financial year 2013 for income taxes etc. for the jointly taxed enitities and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

The Company has a VAT adjustment liability which only becomes relevant by changing the property's rental purpose.

10 Charges and securities

Mortgage debt is secured by way of mortgage on properties.

Collateral security provided for subsidiaries and other group enterprises

The Entity has guaranteed the subsidiaries' debt to Handelsbanken by way of security in the Entity's shares in the subsididiary.

11 Related parties and ownership

At the date of signature, FREP Holdings Canada 1 LP, Canada owns 100% of the shares of the Entity and thuas has control over the Entity.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: FREP Holdings Canada 1 LP, Canada.

Accounting policies

The annual report of FB 40 ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

Basis of recognition and measurement

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

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

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

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

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Income statement

Revenue

Income related to property operation - excluding fair value adjustments - is recognised as rental income.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and property, plant and equipment.

Other external expenses

Expenses related to property operation - excluding fair value adjustments - are recognised as operating expenses. This item also includes write-downs on recievables recognised in current assets.

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including among others amortisation, decpreciation and impairment losses relating to other fixtures and fittings, tools and equipment.

Accounting policies

Financial income and expenses
Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions as well as tax relief under the Danish Tax Prepayment Scheme etc.

Profit/loss from investments in subsidiaries.
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Tax on profit/loss for the year
Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

The Entity is jointly taxed with all Danish group companies. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Investment property
On acquisition, investment properties is measured at cost, comprising the purchase price, including purchase costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold so an independent buyer at the balance sheet date. Fair value is determinded by applying the return-based model as the calculated value in use of expected cash flows from each property. The calculation is based om budgeted net earnings for the next year that has been adjusted to normal earning, and using a required rate of return that reflects current market required rates of return that reflects current market required rates of return for similar properties. The value is adjusted for the factors not reflected in normal earnings, for examble actual vacancy rate, major refurbishments etc.

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

Investments in subsidiaries
Investments in subsidiaries are recognised and measured according to the quity method. This means that investments are measured at the pro rata share of the enterprises's equity value plus og minus unarmortised goodwill and plus or minus unrealised intra-group profits and losses.

Accounting policies

Investments in subsidiaries with a negative equity value are measured at DKK 0. Any recieveables from the enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provisio is recognised that is measured at the present value of the cots deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transfered to Reserve of net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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

Cash
Cash comprises bank deposits.

Provisions
Provisions comprise anticipated costs of non-recourse free commitments etc.

Provions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Income tax and deferred tax
Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss allowed for carry forward are measured at the value to which the asset is expected to be realised, either by elimination in tax on future income or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

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

Other liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.