Ll. Colbjørnsensgade 2-4 A/S

c/o Keystone Investment Management A/S
Havnegade 39, 3., 1058 København K

CVR no. 25 55 29 97

Annual report 2018

Approved at the Company's annual general meeting on 20 May 2019

Chairman:

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Maja Hesselberg

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Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Ll. Colbjørnsensgade 2-4 A/S for the financial year 1 January - 31 December 2018.

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 financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 20 May 2019
Executive Board:

Morten Sennecker Schultz
CEO

Board of Directors:

Mikael Juhana Hjorth

Juha Matti Salokoski

Torsten Bjerregaard

Morten Sennecker Schultz

Independent auditor's report

To the shareholders of LI. Colbjørnsensgade 2-4 A/S

Opinion

We have audited the financial statements of LI. Colbjørnsensgade 2-4 A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 rules and requirements.

Emphasis of matter regarding the audit

With effect from the current financial year, the Company is subject to statutory audit. As shown in the financial statements, the comparative figures in the financial statements have therefore not been audited.

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

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

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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 20 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Reedtz State Authorised Public Accountant mne24830	Kaare K. Lendorf State Authorised Public Accountant mne33819

Management's review

Company details

Name	Ll. Colbjørnsensgade 2-4 A/S
Address, Postal code, City	c/o Keystone Investment Management A/S Havnegade 39, 3., 1058 København K
CVR no.	25 55 29 97
Established	29 March 2000
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	Mikael Juhana Hjorth Juha Matti Salokoski Torsten Bjerregaard Morten Sennecker Schultz
Executive Board	Morten Sennecker Schultz, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

Key activities

The Company's purpose is to invest in real estate and other related services.

Recognition and measurement uncertainties

As the company is engaged in development of investment properties, the Company is affected by changes in the property market, including the general level of interest rates and economic conditions. For a description of significant assumptions for the fair value recognition as 31 December 2018 and a sensitivity analysis of the uncertainties in the calculation of fair value, please refer to note 5 and 6.

Unusual matters having affected the financial statements

The financial position at 31 December 2018 of the Company and the results of the activities of the Company for the financial year 2018 have not been affected by any unusual events.

Financial review

The income statement for 2018 shows a profit of DKK 2,526,220 against a profit of DKK 271,478 last year, and the balance sheet at 31 December 2018 shows equity of DKK 16,389,695.

Events after the balance sheet date

Early 2019 a public debate came to light regarding the right to increase the lease on residentials, due to refurbishment on older properties.

As a consequence the Danish parliament initiated an expert group in February 2019, who will analyze the area and provide recommendations to the regulations, if any. The outcome of the analysis is expected at autumn 2019 after the upcoming election to the Danish parliament.

A slowdown in the transactions of these older investment properties (build before 1992) have been observed due to the uncertainty.

The Company measure its investment properties at fair value and a potential negative outcome of a political intervention can have negative effect on the fair value in the future.

Furthermore, no events, with regulatory effect for the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2018	2017
	Gross margin	233,489	479,992
	Fair value adjustment of other investment assets	3,519,075	0
	Profit before net financials	3,752,564	479,992
	Other financial income	0	3,329
3	Financial expenses	-351,253	-164,078
	Profit before tax	3,401,311	319,243
4	Tax for the year	-875,091	-47,765
	Profit for the year	2,526,220	271,478

	Recommended appropriation of profit		
	Other statutory reserves	-11,163,516	0
	Retained earnings	13,689,736	271,478
		2,526,220	271,478

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2018	2017
	ASSETS		
	Fixed assets		
5	**Property, plant and equipment**		
6	Investment property	26,600,000	22,500,000
		26,600,000	22,500,000
	Investments		
	Other receivables	813,379	712,319
		813,379	712,319
	Total fixed assets	27,413,379	23,212,319
	Non-fixed assets		
	Receivables		
	Corporation tax receivable	8,000	0
	Other receivables	50,369	8,502
	Prepayments	20,742	34,247
		79,111	42,749
	Cash	556,841	235,260
	Total non-fixed assets	635,952	278,009
	TOTAL ASSETS	28,049,331	23,490,328

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2018	2017
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	500,000	500,000
	Revaluation reserve	0	11,163,516
	Retained earnings	15,889,695	2,171,398
	Total equity	16,389,695	13,834,914
	Provisions		
	Deferred tax	4,448,538	3,597,874
	Other provisions	420,283	371,382
	Total provisions	4,868,821	3,969,256
	Liabilities other than provisions		
7	**Non-current liabilities other than provisions**		
	Mortgage debt	0	4,747,488
	Payables to group entities	5,977,042	0
		5,977,042	4,747,488
	Current liabilities other than provisions		
7	Short-term part of long-term liabilities other than provisions	0	126,951
	Trade payables	90,777	0
	Payables to associates	5,850	5,756
	Corporation tax payable	0	45,707
	Other payables	422,807	753,481
	Deferred income	294,339	6,775
		813,773	938,670
	Total liabilities other than provisions	6,790,815	5,686,158
	TOTAL EQUITY AND LIABILITIES	28,049,331	23,490,328

1 Accounting policies
2 Events after the balance sheet date
8 Contractual obligations and contingencies, etc.
9 Collateral
10 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Revaluation reserve	Retained earnings	Total
Equity at 1 January 2017	500,000	11,163,516	1,899,920	13,563,436
Transfer through appropriation of profit	0	0	271,478	271,478
Equity at 1 January 2018	500,000	11,163,516	2,171,398	13,834,914
Transfer through appropriation of profit	0	0	13,689,736	13,689,736
Other value adjustments of equity	0	0	28,561	28,561
Reversed revaluations for the year	0	-11,163,516	0	-11,163,516
Equity at 31 December 2018	500,000	0	15,889,695	16,389,695

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of LI. Colbjørnsensgade 2-4 A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Basis of recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Investment property

On initial recognition, investment property is measured at cost. Investment property is subsequently measured at fair value, and the value adjustment for the year is recognised in the income statement under the item "Fair value adjustment of investment property". The fair value is based on the expected future cash flows for the investment property.

Income statement

Revenue

Rental income is recognised on a straight line-basis over the term of the lease.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Gross margin

The items revenue, expenses, property and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Property expenses

Property expenses include expenses relating to renting out the Company's investment property, including expenses relating to running and maintaining such property.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Investments

Other receivables consist of receivables at The Landowners' Investment Foundation according to §18b.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

2 Events after the balance sheet date

Early 2019 a public debate came to light regarding the right to increase the lease on residentials, due to refurbishment on older properties.

As a consequence the Danish parliament initiated an expert group in February 2019, who will analyze the area and provide recommendations to the regulations, if any. The outcome of the analysis is expected at autumn 2019 after the upcoming election to the Danish parliament.

A slowdown in the transactions of these older investment properties (build before 1992) have been observed due to the uncertainty.

The Company measure its investment properties at fair value and a potential negative outcome of a political intervention can have negative effect on the fair value in the future.

Furthermore, no events, with regulatory effect for the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK		2018	2017
3	**Financial expenses**		
	Interest expenses, group entities	230,762	0
	Other financial expenses	120,491	164,078
		351,253	164,078
4	**Tax for the year**		
	Estimated tax charge for the year	24,561	50,204
	Deferred tax adjustments in the year	850,663	-2,438
	Tax adjustments, prior years	-133	-1
		875,091	47,765

5 **Property, plant and equipment**

DKK	Investment property
Cost at 1 January 2018	7,616,541
Additions	580,925
Cost at 31 December 2018	8,197,466
Revaluations at 1 January 2018	14,883,459
Value adjustments for the year	3,519,075
Revaluations at 31 December 2018	18,402,534
Carrying amount at 31 December 2018	26,600,000

Financial statements 1 January - 31 December

Notes to the financial statements

6 Investment property

Fair value estimation

Assumptions underlying the determination of fair value of investment properties

The fair value is an estimate made by management based on information available and actual expectations as to the future.

The valuation is performed based on a report from an appraiser.

A weighted rate of return of 3,65% has been applied in the market value assessment at 31 December 2018.

The company's investment property is 100% residential.

The investment property is located in the area of Copenhagen.

The property is valued at fair value based on DCF model, which is based on forecasts for future cash flows that the individual property is expected to generate, expected CAPEX investments and development in vacancy.

- The fair value of investment properties amounts to 26,600,000 DKK
- Budget period: 11 years
- Residential rent per sqm: 1,054 DKK
- Net yield for residential part: 2.00%
- Operating expenses per sqm: 571 DKK
- Maintenance per sqm: 81-88 DKK

Sensitivity analysis

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognized in the balance sheet as well as value adjustments carried in the income statement.

An increase in the rate of return by 0.5 percentage points will imply a decrease in the fair value of DKK 3,205,000. A decrease in the rate of return by 0.5 percentage points will imply an increase in the fair value of DKK 4,222,000.

7 Non-current liabilities other than provisions

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

DKK	Total debt at 31/12 2018	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Payables to group entities	5,977,042	0	5,977,042	5,977,042
	5,977,042	0	5,977,042	5,977,042

Financial statements 1 January - 31 December

Notes to the financial statements

8 Contractual obligations and contingencies, etc.

Contingent liabilities

The group companies are jointly and severally liable for taxed income of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

9 Collateral

Land and buildings at a carrying amount of DKK 26,600,000 at 31 December 2018 have been put up as security for debt to mortgage credit institutions. The company is jointly and serverally liable for CMNRE II Goose HoldCo ApS's debet to credit institutions.

10 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
CapMan Nordic Real Estate II FCP-RAIF	Luxembourg	1, Rue Hildegard von Bingen, L-1282 Luxembourg