

GR BRF ApS

Fridtjof Nansens Plads 5, 2100 København Ø

CVR no. 25 59 63 74



Annual report 2016

Approved at the annual general meeting of shareholders on 9 May 2017

Chairman:



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Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditors' report	3
Management's review	5
Company details	5
Management commentary	6
Financial statements for the period 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes to the financial statements	11

Statement by the Board of Directors and the Executive Board

The Executive Board has today discussed and approved the annual report of GR BRF ApS for the financial year 1 January - 31 December 2016.

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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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.

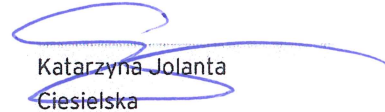
Copenhagen, 9 May 2017
Executive Board:



Mette Krog Hansen



Robert McCorduck



Katarzyna Jolanta
Ciesielska

Independent auditors' report

To the shareholders of GR BRF ApS

Opinion

We have audited the financial statements of GR BRF ApS for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company operations for the financial year 1 January - 31 December 2016 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 rules and 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. 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 judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditors' report

- ▶ 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 conclusion is 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 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 our procedures, 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.

Odense, 9 May 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Morten Schougaard Sørensen
State Authorised Public Accountant



Management's review

Company details

Name	GR BRF ApS
Address, Postal code, City	Fridtjof Nansens Plads 5, 2100 København Ø
CVR no.	25 59 63 74
Established	18 December 2013
Registered office	Copenhagen
Financial year	1 January - 31 December
Executive Board	Mette Krog Hansen Robert McCorduck Katarzyna Jolanta Ciesielska
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark



Management's review

Management commentary

Business review

The company is primarily engaged in investment in real estate and related activities.

Financial review

The income statement for 2016 shows a loss of DKK 21,650 against a DKK 3,022,550 last year, and the balance sheet at 31 December 2016 shows equity of DKK 79,394,870.

Management considers the Company's financial performance in the year satisfactory.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end 2016.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Gross margin	6,078,255	4,578,300
	Amortisation/depreciation and impairment of property, plant and equipment	-3,347,451	-3,066,443
	Profit before net financials	2,730,804	1,511,857
	Income from investments in group entities	153,651	-1,700,877
2	Financial income	569,129	639,031
3	Financial expenses	-3,183,345	-3,883,554
	Profit/loss before tax	270,239	-3,433,543
4	Tax for the year	-291,889	410,993
	Profit/loss for the year	-21,650	-3,022,550
	 Proposed profit appropriation/distribution of loss		
	Retained earnings/accumulated loss	-21,650	-3,022,550
		-21,650	-3,022,550

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2016</u>	<u>2015</u>
	ASSETS		
	Fixed assets		
5	Property, plant and equipment		
	Land and buildings	188,197,242	189,616,096
		<u>188,197,242</u>	<u>189,616,096</u>
6	Investments		
	Investments in group entities, net asset value	25,896,241	25,742,590
	Other receivables	3,462,106	3,284,178
		<u>29,358,347</u>	<u>29,026,768</u>
	Total fixed assets	<u>217,555,589</u>	<u>218,642,864</u>
	Non-fixed assets		
	Receivables		
	Receivables from group entities	13,422,808	12,908,285
	Deferred tax assets	688,515	1,646,291
	Joint taxation contribution receivable	99,246	0
7	Other receivables	357,026	451,086
	Deferred income	57,559	56,531
		<u>14,625,154</u>	<u>15,062,193</u>
	Cash at bank and in hand	<u>9,707,070</u>	<u>7,742,511</u>
	Total non-fixed assets	<u>24,332,224</u>	<u>22,804,704</u>
	TOTAL ASSETS	<u><u>241,887,813</u></u>	<u><u>241,447,568</u></u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	80,000	80,000
	Retained earnings	79,314,870	79,336,520
	Total equity	<u>79,394,870</u>	<u>79,416,520</u>
	Provisions		
	Other provisions	3,739,208	3,530,700
10	Total provisions	<u>3,739,208</u>	<u>3,530,700</u>
	Liabilities other than provisions		
9	Non-current liabilities other than provisions		
	Mortgage debt	132,151,698	136,042,054
	Other payables	5,092,832	4,713,210
		<u>137,244,530</u>	<u>140,755,264</u>
	Current liabilities other than provisions		
9	Current portion of long-term liabilities	3,522,420	3,154,481
	Bank debt	0	572,532
	Trade payables	780,924	2,185,053
	Payables to group entities	16,754,483	11,344,712
	Other payables	451,378	488,306
		<u>21,509,205</u>	<u>17,745,084</u>
	Total liabilities other than provisions	<u>158,753,735</u>	<u>158,500,348</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>241,887,813</u></u>	<u><u>241,447,568</u></u>

- 1 Accounting policies
11 Contractual obligations and contingencies, etc.
12 Collateral

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2015	80,000	82,359,070	82,439,070
Profit/loss for the year	0	-3,022,550	-3,022,550
Equity at 1 January 2016	80,000	79,336,520	79,416,520
Profit/loss for the year	0	-21,650	-21,650
Equity at 31 December 2016	80,000	79,314,870	79,394,870

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of GR BRF ApS for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act to report reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Changes in accounting policies

Effective 1 January 2016, the Company has adopted act no. 738 of 1 July 2015. This implies changes in the recognition and measurement in the following areas:

Yearly reassessment of residual values of property, plant and equipment.

In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

None of the above changes impacts on the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above new and changed presentation and disclosure requirements, which follow from act. no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Income statement

Revenue

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Gross margin

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross margin'.

Other external expenses

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

Depreciation

The item comprises depreciation of property, plant and equipment.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	50 years years
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Land is not depreciated.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income from investments in group entities

The item includes the entity's proportionate share of the profit/loss for the year in subsidiaries and associates after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses, 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 group entities are jointly taxed. The income tax charge is allocated between profit making and loss making Danish entities in proportion to their taxable income).

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

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in subsidiaries

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Subsidiaries with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the entity's deficit. Net revaluations of investments in subsidiaries are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. In connection with the acquisition, a provision is made for expenses related to adopted plans to restructure the acquired entity. The tax effect of revaluations made is taken into account.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of non-current assets

Property, plant and equipment and investments in subsidiaries are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Cash and cash equivalents

Cash comprises cash balances and bank balances.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, restructurings, etc. Provisions are recognised when the company has a legal or constructive obligation as a result of a past event at the balance sheet date 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.

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 for the period 1 January - 31 December

Notes to the financial statements

DKK	2016	2015
2 Financial income		
Interest, receivable group entities	569,129	639,031
	569,129	639,031
3 Financial expenses		
Interest expenses, group entities	558,696	400,000
Other interest expenses	2,624,649	3,483,554
	3,183,345	3,883,554
4 Tax for the year		
Deferred tax adjustments in the year	957,776	-191,990
Refund in joint taxation	-665,887	-219,003
	291,889	-410,993
5 Property, plant and equipment		
DKK		Land and buildings
Cost at 1 January 2016		195,647,863
Additions in the year		1,928,597
Cost at 31 December 2016		197,576,460
Impairment losses and depreciation at 1 January 2016		6,031,767
Amortisation/depreciation in the year		3,347,451
Impairment losses and depreciation at 31 December 2016		9,379,218
Carrying amount at 31 December 2016		188,197,242

Financial statements for the period 1 January - 31 December

Notes to the financial statements

6 Investments

DKK	Investments in group entities, net asset value	Other receivables	Total
Cost at 1 January 2016	35,214,834	3,199,124	38,413,958
Additions in the year	0	0	0
Disposals in the year	0	0	0
Cost at 31 December 2016	35,214,834	3,199,124	38,413,958
Value adjustments at 1 January 2016	-9,472,244	85,054	-9,387,190
Share of the profit/loss for the year	153,651	0	153,651
Transferred	0	177,928	177,928
Value adjustments at 31 December 2016	-9,318,593	262,982	-9,055,611
Carrying amount at 31 December 2016	25,896,241	3,462,106	29,358,347

DKK	Domicile	Interest	Equity	Profit/loss
Subsidiaries				
GR BRF Birkedommervej ApS	København	100.00 %	3,104,109	-57,583
GR BRF Næstvedgade ApS	København	100.00 %	5,700,164	-170,043
GR BRF Thorupgaards Allé ApS	København	100.00 %	6,140,451	18,438
GR BRF Tomsgårdsvej ApS	København	100.00 %	4,309,603	255,959
GR BRF Østerbrogade ApS	København	100.00 %	9,366,991	106,880

DKK	2016	2015
7 Other receivables		
Other receivables	357,026	451,086
	357,026	451,086

Other receivables under Investments comprise deposits in Grundejernes Investeringsfond (GI)

8 Share capital

Analysis of the share capital:

800 shares of DKK 100.00 nominal value each	80,000	80,000
	80,000	80,000

Financial statements for the period 1 January - 31 December

Notes to the financial statements

9 Long-term liabilities

Of the long-term liabilities, DKK 120,171 thousand falls due for payment after more than 5 years after the balance sheet date.

Other payables comprise deposits and prepaid rent.

10 Provisions

Other provisions comprise maintenance liabilities.

Maintenance liabilities BRL § 18B, DKK 3,462,106.

Maintenance liabilities BRL § 22, DKK 277,101.

Maintenance liabilities total DKK 3,739,207.

Maintenance liabilities related to BRL § 18B are excepted to fall due within 2-5 years.

Maintenance liabilities related to BRL § 22 are excepted to fall due after 5 years.

11 Contractual obligations and contingencies, etc.

Other contingent liabilities

The company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest and dividends.

12 Collateral

The following assets have been provided as collateral for mortgages:

- ▶ Property, plant and equipment with a carrying value of DKK 188,197 thousand.
- ▶ Letters of indemnity totalling DKK 7,000 thousand are held by the Company.
- ▶ Owners' mortgages totalling DKK 45,550 thousand are held by the Company.