

K/S Baron Boltens Gaard

c/o SF Management ApS
Amailiegade 15, 2.
1256 København K

CVR no. 27 20 31 75

Annual report for the period 1 January – 31 December 2016

The annual report was presented and approved at the
Limited partnership's annual general meeting on

16 May 2017



chairman

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Statement by the Board of Directors

The Board has today discussed and approved the annual report of K/S Baron Boltens Gaard for the financial year 1 January - 31 December 2016.

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

In our opinion, the financial statements give a true and fair view of the Limited Partnersh's financial position at 31 December 2016 and of the results of its 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.

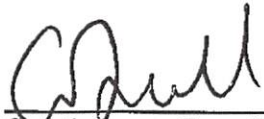
We recommend the approval of the annual report at the annual general meeting.

Copenhagen, 16 May 2017

Board of Directors:



Nicola Antonio Di
Ciacca
Chairman



Gareth James Purcell



Christian Ulrich Brandt
Birger-Christensen



Independent auditor's report

To the shareholders of K/S Baron Boltens Gaard

Opinion

We have audited the financial statements of K/S Baron Boltens Gaard for the financial year 1 January – 31 December 2016 comprising 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 Limited partnership's assets, liabilities and financial position at 31 December 2016 and of the results of the Limited partnership's 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 Limited partnership 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 responsibility 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 that 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 Limited partnership'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 Limited partnership or to cease operations, or has no realistic alternative but to do so.



Independent auditor's report

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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the Limited partnership's 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 Limited partnership'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 Limited partnership'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 Limited partnership 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.



Independent auditor's report

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, 16 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'Henrik O. Larsen'.

Henrik O. Larsen
State Authorised
Public Accountant

K/S Baron Boltens Gaard
Annual report 2016
CVR no. 27 20 31 75

Management's review

Company details

K/S Baron Boltens Gaard
c/o SF Management ApS,
Amaliegade 15, 2.
1256 København K

CVR no.: 27 20 31 75
Established: 16 June 2003
Registered office: Copenhagen
Financial year: 1 January – 31 December

Board of Directors

Nicola Antonio Di Ciacca, Chairman
Gareth James Purcell
Christian Ulrich Brandt Birger-Christensen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

General partner

IRAF Kay GP ApS

Annual general meeting

The annual general meeting will be held on 16 May 2017.

Management's review

Operating review

Principal activities

The purpose of the Limited Partnership is to carry out business by way of acquiring and renting out the property at Store Kongensgade 5A, DK-1264 København K, title number 35 Sankt Annæ Vester Kvarter, København and Gothersgade 8A and 10A-C, DK-1123 København K, title number 25 og 26, Sankt Annæ Vester Kvarter, København.

Uncertainty regarding recognition and measurement

The investment property is measured in the annual report at fair value based on yield. As a basis for the statement, Management obtained indications of market yields from similar properties. Based on a market yield of 5 %, the fair value for the property amounts to DKK 228 million.

Development in activities and financial position

The Limited partnership's income statement for the year shows a profit of DKK 40,922 thousand, and the balance sheet at 31 December 2016 shows equity of DKK 102,106 thousand.

Events after the balance sheet date

No events have occurred after the balance sheet date which could significantly affect the Limited partnership's financial position.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2015
Gross profit		<u>6,301</u>	<u>13,261</u>
Profit before fair value adjustments		6,301	13,261
Fair value adjustment of investment properties and debt		<u>36,866</u>	<u>12,461</u>
Profit before financial income and expenses		43,167	25,722
Financial income	2	1,236	0
Financial expenses		<u>-3,481</u>	<u>-5,636</u>
Profit for the year		<u>40,922</u>	<u>20,086</u>

Proposed distribution of profit

Retained earnings		<u>40,922</u>	<u>20,086</u>
		<u>40,922</u>	<u>20,086</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
ASSETS			
Non-current assets			
Investment properties	3	228,001	190,000
Total non-current assets		228,001	190,000
Current assets			
Receivables			
Trade receivables		0	973
Receivables from group entities		600	0
Other receivables		14	8
Prepayments		39	30
		653	1,011
Cash at bank and In hand		8,565	6,188
Total current assets		9,218	7,199
TOTAL ASSETS		237,219	197,199

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital		15,365	15,365
Retained earnings		86,741	45,819
Total equity		102,106	61,184
Liabilities other than provisions			
Non-current liabilities other than provisions			
Credit institutions		0	4,099
Mortgage loans	4	130,763	126,418
Deposits and prepaid rent	4	3,508	3,970
		134,271	134,487
Current liabilities other than provisions			
Current portion of non-current liabilities	4	141	609
Trade payables		610	68
Payables to group entities		0	90
Other payables		91	761
		842	1,528
Total liabilities other than provisions		135,113	136,015
TOTAL EQUITY AND LIABILITIES		237,219	197,199
Mortgages and collateral	5		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2016	15,365	45,819	61,184
Transferred over the profit appropriation	<u>0</u>	<u>40,922</u>	<u>40,922</u>
Equity at 31 December 2016	<u>15,365</u>	<u>86,741</u>	<u>102,106</u>

Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of K/S Baron Boltens Gaard for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with options from higher reporting classes.

Pursuant to Section 32 of the Danish Financial Statements Act, the Limited partnership has decided only to disclose gross profit.

Income statement

Gross Profit

Gross profit comprises rental income, operating expenses and administrative expenses.

Rental income

Income and expenses related to property operation - excluding fair value adjustments - are recognised as rental income and operating expenses, respectively.

Operating expenses

Operating expenses comprise costs incurred during the year as a result of the Limited partnership's properties.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Limited partnership.

Fair value adjustments of investment properties and related debt

Fair value adjustments of investment properties and debt related to properties are recognised in the income statement.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, payables and transactions denominated in foreign currencies.

Balance sheet

Investment properties

On initial recognition, investment properties are measured at cost comprising the purchase price and transaction costs directly attributable to the acquisition.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Subsequently, investment properties are measured at fair value.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, write-down is made on an individual basis.

Cash at bank and in hand

Cash at bank and in hand comprise cash at bank.

Liabilities other than provisions

Mortgage loans are measured at amortised costs. Previously, mortgage loans were measured at fair value. In accordance with the transitional provisions of the Act, the fair value at 31 December 2016 is applied as deemed cost. Mortgage loans from previous year have been repaid and realised value adjustment has been recognised in financial income without restatement of comparative figures in the balance sheet and the income statement.

Other liabilities are measured at net realisable value.

2 Fair value adjustment of investment property and debt

DKK'000	2016	2015
Value adjustments of investment properties	36,866	10,000
Value adjustments of financial obligations	0	2,461
	<u>36,866</u>	<u>12,461</u>

Financial statements 1 January – 31 December

Notes

3 Investment properties

	Investment properties
DKK'000	
Cost at 1 January 2016	157,211
Additions	1,135
Cost at 31 December 2016	158,346
Value adjustments at 1 January 2016	32,789
Value adjustments for the year	36,866
Revaluations at 31 December 2016	69,655
Carrying amount at 31 December 2016	228,001

Based on external valuations, the properties are valued at fair value using a DCF model on forecasts of the future cash flows that the individual properties are expected to generate. The basis of the valuation is the net operating profit of the individual properties.

Exit yield for the valuation has been determined at 5%.

4 Long term debt

DKK'000	Debt at 1 January 2016	Debt at 31 December 2016	Debt after 5 years
Mortgage loans	127,027	130,904	131,435
Deposits and prepaid rent	3,970	3,508	0
	130,997	134,412	131,435

5 Contractual obligations, contingencies, etc.

Mortgages and collateral

The property is pledged as security for mortgages. Book value of pledged property amounts to DKK 228,001 thousand.

Contingent liabilities

The Limited partnership has no contingent liabilities.