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EHI FUND DENMARK ApS
Kay Fiskers Plads 9, st.
2300 København S
Business Registration No
27438377

Annual report 2017

The Annual General Meeting adopted the annual report on 28.05.2018

Chairman of the General Meeting

Name: Thierry Leleu

Contents

Entity details

Entity
EHI FUND DENMARK ApS
Kay Fiskers Plads 9, st.
2300 København S

Central Business Registration No (CVR): 27438377
Registered in: København
Financial year: 01.01.2017 - 31.12.2017

Executive Board
Thierry Leleu, Direktør
Joseph Anthony Walsh, Direktør

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of EHI FUND DENMARK ApS for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 28.05.2018

Executive Board

Thierry Leleu	Joseph Anthony Walsh
Direktør	Direktør

Independent auditor's report

To the shareholder of EHI FUND DENMARK ApS

Opinion

We have audited the financial statements of EHI FUND DENMARK ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the 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 Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 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:

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 Entity’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 Entity’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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Copenhagen, 28.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Lars Kronow
State Authorised Public Accountant
Identification No (MNE) mne19708

Management commentary

	2017 DKK'000	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000
Financial highlights					
Key figures					
Revenue	54.734	52.081	49.522	52.181	54.949
Gross profit/loss	37.608	37.560	29.459	37.879	4.406
Operating profit/loss	37.608	37.560	29.459	37.879	4.406
Net financials	(7.852)	(8.487)	(15.616)	(18.308)	(24.193)
Profit/loss for the year	10.365	23.326	11.080	17.330	(12.433)
Total assets	629.724	625.238	606.719	600.664	615.194
Investments in property, plant and equipment	4.706	7.620	0	0	0
Equity	301.703	290.701	267.638	204.152	182.067
Ratios					
Gross margin (%)	68,7	72,1	59,5	72,6	8,0
Return on invested capital incl goodwill (%)	3,6	5,6	4,9	6,3	0,7
Equity ratio (%)	47,9	46,5	44,1	34,0	29,6

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	**Calculation formula**	**Calculation formula reflects**
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Return on invested capital incl goodwill (%)	$\frac{\text{EBITA x 100}}{\text{Average invested capital incl goodwill}}$	The return generated by the entity on the investors' funds.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit.

Invested capital is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortisation of intangible assets, and less other provisions and long-term operating liabilities.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income taxes receivable and payable as well as cash are not included in net working capital.

Management commentary

Primary activities

The Companies purpose is to invest in commercial properties and through active management to optimize operation of those.

Development in activities and finances

Profit/loss of the year was TDKK 13.797 before taxes and include a negative value adjustment on TDKK 15.959.

In 2017 the portfolio void has been stabilised

Negative value adjustment caused that in previous years in the value deposit has been added on values. Portfolio has been traded by 30 November 2017 in a share deal into a European fond on the Singapore Stockmarket (SREIT). Value of investment property has been settle to acquisition price plus improvements in December 2017.

Profit/loss of the year after taxes on TDKK 10.365 is satisfying result regarded to the management.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2017

	Notes	2017 DKK'000	2016 DKK'000
Revenue		54.734	52.081
Other external expenses		(17.126)	(14.521)
Operating profit/loss		**37.608**	**37.560**
Other financial income		629	469
Other financial expenses	2	(8.481)	(8.956)
Profit/loss before fair value adjustments and tax		**29.756**	**29.073**
Fair value adjustment of investment properties		(15.959)	(2.474)
Profit/loss before tax		**13.797**	**26.599**
Tax on profit/loss for the year	3	(3.432)	(3.273)
Profit/loss for the year		**10.365**	**23.326**
Proposed distribution of profit/loss			
Retained earnings		10.365	23.326
		10.365	**23.326**

Balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Investment property		566.753	578.007
Property, plant and equipment	4	**566.753**	**578.007**
Fixed assets		**566.753**	**578.007**
Trade receivables		402	1.849
Other receivables		3.270	1.105
Prepayments		650	483
Receivables		**4.322**	**3.437**
Cash		**58.649**	**43.794**
Current assets		**62.971**	**47.231**
Assets		**629.724**	**625.238**

Balance sheet at 31.12.2017

	Notes	2017 DKK'000	2016 DKK'000
Contributed capital		226	226
Retained earnings		301.477	290.475
Equity		**301.703**	**290.701**
Deferred tax		22.434	20.740
Provisions		**22.434**	**20.740**
Mortgage debt		192.523	280.840
Prepayments received from customers		15.983	14.467
Payables to group enterprises		90.631	0
Non-current liabilities other than provisions	5	**299.137**	**295.307**
Current portion of long-term liabilities other than provisions	5	0	9.135
Prepayments received from customers		0	1.898
Trade payables		3.595	4.617
Payables to group enterprises		1	38
Income tax payable		1.905	292
Other payables	6	949	2.510
Current liabilities other than provisions		**6.450**	**18.490**
Liabilities other than provisions		**305.587**	**313.797**
Equity and liabilities		**629.724**	**625.238**
Staff costs	1		
Contingent liabilities	7		
Assets charged and collateral	8		
Group relations	9		

Statement of changes in equity for 2017

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	226	290.475	290.701
Fair value adjustments of hedging instruments	0	816	816
Tax of entries on equity	0	(179)	(179)
Profit/loss for the year	0	10.365	10.365
Equity end of year	**226**	**301.477**	**301.703**

Notes

	2017	2016
1. Staff costs		
Average number of employees	**0**	**0**

	2017 DKK'000	2016 DKK'000
2. Other financial expenses		
Other interest expenses	7.402	7.850
Exchange rate adjustments	1.069	1.106
Other financial expenses	10	0
	8.481	**8.956**

	2017 DKK'000	2016 DKK'000
3. Tax on profit/loss for the year		
Current tax	1.738	378
Change in deferred tax	1.694	2.895
	3.432	**3.273**

	Investment property DKK'000
4. Property, plant and equipment	
Cost beginning of year	680.317
Additions	4.706
Cost end of year	**685.023**
Depreciation and impairment losses beginning of year	(102.310)
Impairment losses for the year	(15.960)
Depreciation and impairment losses end of year	**(118.270)**
Carrying amount end of year	**566.753**

The Company was sold on 30 November 2017, and in this connection, a valuation was made of each property. The fair value has been calculated based on these valuations; added the improvements made in the period 30 November 2017 to 31 December 2017 and adjusted of circumstances estimated to influence the valuations as of 30 November 2017.

Notes

As of 31 December 2016, the fair value was calculated using the return-based model as the calculated value in use of the expected cash flow from each property, based on the following significant assumptions:

- An increase in the market rent by 0.5% to 3%
- An expected idle rent as a percentage of income between 0% and 5%
- A rate of return between 8.5% and 10.5%
- An average rate of return of 9.4%

The valuation for the year has led to a write-down of DKK 15,959 thousand.

	Due within 12 months 2016 DKK'000	**Outstanding after 5 years DKK'000**
5. Liabilities other than provisions		
Mortgage debt	9.135	0
Prepayments received from customers	0	0
Payables to group enterprises	0	90.631
	9.135	**90.631**

6. Other payables

An interest rate swap agreement has been entered into to hedge future interest payments on floating rate debt. The agreement has a maturity period of 18 months. In the agreement, an interest rate of CIBOR3 has been exchanged for a fixed interest rate of 0.14% on a loan with a principal amount of DKK 195 thousand. The interest rate swap agreement covers the entire term to maturity of two years. The fair value of the interest rate swap amounts to DKK 206 thousand at the balance sheet date, which is recognised as other payables.

	2017 DKK'000	**2016 DKK'000**
7. Contingent liabilities		
Other contingent liabilities	5.352	4.741
Contingent liabilities in total	**5.352**	**4.741**

Other contingent liabilities relate to VAT adjustment liability.

8. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

The carrying amount of mortgaged properties is DKK’000 566,753.

Notes

9. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Euroind Three C.V., Amsterdam, Netherlands.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

The annual report is presented in DKK’000.

Recognition and measurement

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

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

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

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Accounting policies

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

Income statement

Revenue

Rental income is recognized on a straight-line basis during the rental periode.

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses includes expenses to office conditions, audit and so on.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Investment property

On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition 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 to an independent buyer at the balance sheet date.

Accounting policies

Fair value is determined by applying the yield-based model, however see note 4.

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

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

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Mortgage debt
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 financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable
Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.