A-Huset Invest ApS

c/o DATEA A/S
Lyngby Hovedgade 4
2800 Kgs. Lyngby

CVR no. 27 60 47 06

Annual report 2016

The annual report was presented and approved at the Company's annual general meeting

on May 29 20 17

chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of A-Huset Invest ApS for the financial year 1 May – 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 Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 May – 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.

Lyngby, 29 May 2017
Executive Board:

Ronny Alain Pifko	Naftali Wachsman

Board of Directors:

Ronny Alain Pifko Chairman	Naftali Wachsman	Greg Eliason

Independent auditor's report

To the shareholders of A-Huset Invest ApS

Opinion

We have audited the financial statements of A-Huset Invest ApS for the financial year 1 May – 31 December 2016, comprising income statement, balance sheet 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 Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 May – 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 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 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.

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 financial statement 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 company 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

KPMG

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.

Emphasis of matter regarding other matters

Possible violation of the provisions of the Danish Companies Act concerning financing of purchase of own shares

In connection with the Company changing owners, a balance has occurred with the Company's shareholder which entails a possible violation of section 206 of the Danish Companies Act for which Management may be held liable.

Copenhagen, 29 May 2017
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik O. Larsen	Jette Kjær Bach
State Authorised	State Authorised
Public Accountant	Public Accountant

Management's review

Company details

A-Huset Invest ApS
c/o DATEA A/S
Lyngby Hovedgade 4
2800 Kgs. Lyngby

CVR-nr.:	27 60 47 06
Established	19 february 2004
Domicile:	Allerød
Financial year:	1 January – 31 December

Executive Board

Ronny Alain Pifko
Naftali Wachsman

Board of Directors

Ronny Alain Pifko
Naftali Wachsman
Greg Eliason

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen

Management's review

Operating review

Principal activities

The principal activities of the Company is to acquire real estate property for a subsequent resale. The purpose has been changed during the year from development and operation of real estate as a consequence of new ownership of the Company.

Development in activities and financial matters

The Company realised a profit of DKK 340,010 thousand in the period 1 May – 31 December 2016, which is in accordance with expectations. Equity amounts to DKK 192,988 thousand. Proposed dividend amounts to DKK 35,000 thousand and will partly be used for settlement of group accounts at 31 December 2016.

An extraordinary dividend of DKK 358,548 thousand has been paid out during 2016.

Events after the balance sheet date

No events have occurred after the balance sheet date which materially affects the financial position of the Company.

Financial statements 1 May – 31 December

Income statement

	Note	1/5 – 31/12 2016	30 April 2016
Gross profit		21,967,039	23,799,016
Depreciation and write-down relating to property, plant and equipment		-433,285	-336,872
Operating profit		21,533,754	23,462,144
Other financial income from group entities		0	1,388,870
Other financial income		62,928	37,317
Other financial expenses	2	-9,738,953	-11,040,814
Profit before adjustment valuation		11,857,729	13,847,517
Fair value adjustment investment property		424,045,119	0
Profit before tax		435,902,848	13,847,517
Tax on profit for the year	3	-95,893,158	-3,046,453
Profit for the year		340,009,690	10,801,064

Proposed profit appropriation		
Dividend paid during the year	358,547,690	0
Profit appropriation	35,000,000	0
Retained earnings	-53,538,000	10,801,064
	340,009,690	10,801,064

Financial statements 1 May – 31 December

Balance sheet

	Note	1/5 – 31/12 2016	30 April 2016
ASSETS			
Fixed assets			
Property, plant and equipment			
Investment property		958,000,000	0
Other plant, operating assets, fixtures and furniture	4	0	433,285
		958,000,000	433,285
Total fixed assets		958,000,000	433,285
Current assets			
Inventories			
Project properties	4	0	533,954,881
		0	533,954,881
Receivables			
Trade receivables		0	2,225,116
Receivables from group entities		15,669,468	278,614
Other receivables		12,210,564	11,374
Accrued income and deferred expenses		476,170	1,120,326
		28,356,202	3,635,430
Cash at bank and in hand		2,623,360	4,898,150
Total current assets		30,979,562	542,488,461
TOTAL ASSETS		988,979,562	542,921,746

Financial statements 1 May – 31 December

Balance sheet

DKK'000	Note	1/5 – 31/12 2016	30 April 2016
EQUITY AND LIABILITIES			
Equity			
Share capital		20,000,000	20,000,000
Adjustment of fair value, financial instruments		9,043,402	2,012,805
Retained earnings		128,944,914	180,470,109
Proposed dividends		35,000,000	0
Total equity		192,988,316	202,482,914
Provisions			
Provisions for deferred tax		109,997,418	18,864,685
Total provisions		109,997,418	18,864,685
Liabilities other than provisions			
Non-current liabilities other than provisions			
Mortgage debt	5	647,499,551	188,868,453
Deposits, etc.		10,072,758	540,151
Corporation tax	6	6,408,569	3,004,869
		663,980,878	192,413,473
Current liabilities other than provisions			
Short-term portion of mortgage debt and swap	5	5,516,764	0
Prepayments received from customers		9,527,500	59,005
Trade payables		612,515	1,520,966
Payables to group entities		0	110,420,866
Corporation tax	6	0	0
Other payables		6,356,171	17,159,837
		22,012,950	129,160,674
Total liabilities other than provisions		685,993,828	321,574,147
TOTAL EQUITY AND LIABILITIES		988,979,562	542,921,746

Mortgage and securities	7
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Financial statements 1 May – 31 December

Statement of changes in equity

	Share capital	Financial instru-ments	Retained earnings	Proposed dividends	Total
Balance at 30 April 2016	20,000,000	0	169,669,045	0	189,669,045
Distributed dividend	0	0	0	0	0
Retained earnings	0	0	10,801,064	0	10,801,064
Value adjustment interest rate swap	0	2,012,805	0	0	2,012,805
Balance at 1 May 2016	20,000,000	2,012,805	180,470,109	0	202,482,914
Realised loss for the year	0	-2,012,805	2,012,805	0	0
Distributed dividend during the year	0	0	-358,547,690	0	-358,547,690
Retained earnings	0	0	340,009,690	0	340,009,690
Dividend	0	0	-35,000,000	35,000,000	0
Value adjustment interest rate swap	0	11,594,105	0	0	11,594,105
Tax relating to swap	0	-2,550,703	0	0	-2,550,703
Balance at 31 December 2016	20,000,000	9,043,402	128,944,914	35,000,000	192,988,316

Financial statements 1 May – 31 December

Notes

1 Accounting policies

The annual report of A-Huset Invest ApS for the period 1 May – 31 December 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

Due to changing the financial year so that it follows the calender year, the financial statements only comprise eight months and are therefore not comparable to last year's figures.

The financiel statements are prepared using the same accounting policies as last year. The status of the property has changed from project property to investment property in connection with new owner in the Company at 27 September 2016.

Recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of the amounts which were previously recognised in the income statement are recognised in the income statement.

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the value of the liability can be measured reliably.

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

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spred over the useful life.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for hedging future assets and liabilities are recognised under debtors or creditors and in the equity.

If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the assets or liabilities. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

If the furture transation results in income or costs, amounts which have been recognised in the equity, are transferred to the profit and loss account in the period in which the hedge item influenced the profit and loss account.

For derivative financial instruments not qualifying for treatment as hedging instruments, changes in fair value are recognised in the income statement on an ongoing basis.

Income statement

Gross profit

The gross profit comprises rental income and other external costs. Rental income is recognised in the period to which it relates. Other external costs comprise costs incurred during the year as a result of the rental of the Company's property and administration.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Value adjustments of properties and mortgage debt

Value adjustments comprise value adjustment of the property portfolio for the financial period and the related mortgage debt.

Realised capital gains and losses upon repayment and conversion of debt and realised gains and losses upon sale of properties in relation to the carrying amount are recognised in the income statement in connection with the value adjustments for the financial year.

Realised capital gains and losses on bond portfolio, acquired in connection with raising a loan in the property portfolio, are equally recognised in the income statement.

Financial statements 1 May – 31 December

Notes

1 **Accounting policies (continued)**

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Investment properties

To the extent possible, properties are aimed at being leasable generating expected positive operating income. As the property management comprises a significant activity for the Company, the properties are treated in accordance with the regulation for investment properties according to which the properties and the liabilities associated with the properties are measured at fair value at the balance sheet date. The adjustment for the year is recognised as a separate item in the income statement.

Due to the specialised application and placement on a geographical limited area, the fair value is calculated for the total property portfolio in accordance with the following principles:

— The value of the leasable land and constructed buildings is determined in accordance with the DCF model on basis of the expected operating income and the market driven rate of return.

— The valuation is based on the expected future cashflows from rental income and operating expenses, including expected rental income and expenses in relation to vacancies.At the valuation considerations to expected expenses for renovation and leasehold improvements are made.

Other plants, operating assets, fixtures and furniture

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Financial statements 1 May – 31 December

Notes

1 Accounting policies (continued)

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Receivables

Receivables are measured at amortised cost.

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

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash in bank and in hand

Cash in bank and in hand comprises bank deposits and cash and cash balances.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Other reserves

Valuation adjustments cannot be used for dividends.

Financial statements 1 May – 31 December

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

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

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

Financial statements 1 May – 31 December

Notes

		1/5 – 31/12 2016	30 April 2016
2	**Other financial costs**		
	Financial costs, group entities	-1,249,050	5,283,522
	Other financial costs	-8,489,902	5,757,292
		-9,738,952	11,040,814
	Average number of full-time employees	0	0

		1/5 – 31/12 2016	30 April 2016
3	**Tax on ordinary results**		
	Adjustment for the period of deferred tax	91,132,733	41,584
	Joint taxation for the period	7,311,128	3,004,869
	Tax relating to interest rate swap, adjusted in equity	-2,550,703	0
		95,893,158	3,046,453

Financial statements 1 May – 31 December

Notes

4 Investment property

	Investment properties	Fixtures and fittings, tools and equipment
Fixed assets		
Acquisition cost at 1 May 2016	533,954,881	17,644,305
Additions	0	0
Transfer to/from other items	0	0
Acquisition cost at 31 December 2016	533,954,881	17,644,305
Value adjustment at 1 May 2016	0	0
Value adjustment for the year	424,045,119	-359,375
Value adjustment at 31 December 2016	424,045,119	-359,375
Depreciation, amortisation and impairment losses at 1 May 2016	0	-17,211,020
Depreciation for the year	0	-73,910
Depreciation at 31 December 2016	0	-17,284,930
Carrying amount at 31 December 2016	958,000,000	0
Carrying amount at 30 April 2016	533,945,881	433,285

Contrary to previous years, where the valuation was based on cost, investment properties are recognised in accordance to the DCF model and comprise leased buildings and leased ground areas. At the transition to investment property, the property has been revaluated by DKK 424 million.

The DCF model is based on the budgeted rental income for 2017 carried forward with an annual indexation of 2% and costs in relation to continuous operation and maintenance of the buildings and administration.

No vacancy is expected for 2017 and subsequent years.

The calculation is based on a discount rate of 6.10% and exit yield of 4.10%.

Financial statements 1 May – 31 December

Notes

	1/5 – 31/12 2016	30 April 2016
5 Other financial costs		
Mortgage debt in total	653,016,315	188,868,453
Share of amount due within 1 year	-5,516,764	0
Long-term mortgage debt	647,499,551	188,868,453
Share of liabilities due after five years	627,909,532	188,868,453

6 Corporation tax

	1/5-31/12 2016	30 April 2016
Corporation tax in total	7,311,128	3,004,869
Share of amount due within one year	0	0
	7,311,128	3,004,869
Share of liabilities due after five years	0	0

Financial statements 1 May – 31 December

Notes

7 Corporation tax

	1/5 – 31/12 2016	30 April 2016
Recievable corporation tax 1 May 2016	3,004,869	-6,184,968
Adjustment of previous years' tax	0	-2,190,778
Paid corporation tax concerning last year	-3,004,869	8,375,746
Receivable corporation tax concerning previous years	0	0
Calculated corporation tax for the current year	7,311,128	3,004,869
Paid corporation tax during the year	-902,559	0
Long-term portion of corporation tax	-6,408,569	-3,004,869
	0	0

8 Mortgage and securities

As security for mortgage debts, DKK 662 million, mortgage has been granted on project properties representing a book value of DKK 958 million at 31 December 2016.

In case the property service apartments are transferred to non-taxable activity, a VAT adjustment liability of DKK 15,7 million will be released at 31 December 2016.

A security of DKK 50 thousand to Grundeejerforening Artillerivej Syd has been granted.

9 Contingencies

Joint taxation

The Company is jointly taxed with A-Huset Holding A/S and A-House TopCo ApS, CVR No. 38 03 16 43 who is the administration company. The Company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.