A-Huset Invest ApS

c/o Newsec Datea AS 36297, Lyngby Hovedgade 4
2800 Kgs. Lyngby
Denmark

CVR no. 27 60 47 06

Annual report 2018

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

23 May 2019

Greg Eliason
chairman

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 January – 31 December 2018.

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 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.

Lyngby 23 May 2019
Executive Board:

	DocuSigned by: 22BEFE7E89114E3...
Ronny Pifko	Naftali Wachsman

Board of Directors:

	DocuSigned by: 22BEFE7E89114E3...	
Ronny Pifko	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 January – 31 December 2018 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 Company's assets, liabilities and financial position 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 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.

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 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

Independent auditor's report

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.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 23 May 2019
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jette Kjær Bach
State Authorised
Public Accountant
mne19812

Management's review

Company details

A-Huset Invest ApS
c/o Newsec Datea AS 36297
Lyngby Hovedgade 4
2800 Kgs. Lyngby
Denmark

CVR no.:	27 60 47 06
Established:	19 February 2004
Financial year:	1 January – 31 December

Board of Directors

Ronny Pifko
Naftali Wachsman
Greg Eliason

Executive Board

Ronny Pifko
Naftali Wachsman

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen
Denmark

Management's review

Operating review

Principal activities

The principal activities of the Company is to acquire real estate property for subsequent resale.

Development in activities and financial position

The Company realised a profit of DKK 21,104 thousand, which is in accordance with expectations. Equity amounts to DKK 176,217 thousand.

In 2018, the value of the property value is unchanged from 2017.

Events after the balance sheet date

After the balance sheet date, the tenancy agreement with the main commercial tenant has expired, as planned. It has been decided that the vacant units are rented as individual residential units.

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

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2018	2017
Gross profit		36,959	36,418
Fair value adjustment of investment properties		0	31,950
Operating profit		36,959	68,368
Financial income	2	0	316
Financial expenses	3	-9,898	-10,026
Profit before tax		27,061	58,658
Tax on profit for the year	4	-5,957	-12,892
Profit for the year		21,104	45,766

Proposed profit appropriation

Proposed dividends for the year	20,000	40,000
Retained earnings	1,104	5,766
	21,104	45,766

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2018	31/12 2017
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Investment properties		990,000	990,000
Total fixed assets		990,000	990,000
Current assets			
Receivables			
Trade receivables		55	0
Receivables from group entities		298	0
Other receivables	6	665	12,651
		1,018	12,651
Cash at bank and in hand		8,612	9,186
Total current assets		9,630	21,837
TOTAL ASSETS		999,630	1,011,837

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2018	31/12 2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital		20,000	20,000
Adjustment of fair value, financial instruments		402	9,350
Retained earnings		135,815	134,711
Proposed dividends for the financial year		20,000	40,000
Total equity		176,217	204,061
Provisions			
Provisions for deferred tax		119,090	118,405
Total provisions		119,090	118,405
Liabilities other than provisions			
Non-current liabilities other than provisions			
Mortgage loans	7	633,733	640,509
Deposits and prepaid rent		0	10,276
		633,733	650,785
Current liabilities other than provisions			
Current portion of non-current liabilities		7,220	6,645
Deposits and prepaid rent		20,392	9,718
Trade payables		0	814
Corporation tax		13,729	10,980
Other payables		4,164	6,449
Dividend payables to group entites		25,085	3,980
		70,590	38,586
Total liabilities other than provisions		704,323	689,371
TOTAL EQUITY AND LIABILITIES		999,630	1,011,837
Contingencies	8		
Mortgages and collateral	9		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Adjustment of fair value, financial instruments	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2018	20,000	9,350	134,711	40,000	204,061
Ordinary dividends paid	0	0	0	-40,000	-40,000
Transferred over the profit appropriation	0	0	1,104	20,000	21,104
Value adjustment interest rate swap	0	-11,472	0	0	-11,472
Tax related to swap	0	2,524	0	0	2,524
Equity at 31 December 2018	20,000	402	135,815	20,000	176,217

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of A-Huset Invest ApS for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C.

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

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

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit. Gross profit comprises revenue and other external expenses.

Revenue

Revenue, comprising rental income, is recognised in the period to which it relates.

Other external expenses

Other external expenses comprise costs incurred during the year as a result of the rental of the Company's properties and administration.

Fair value adjustment of investment properties

Fair value adjustment of investment properties comprise value adjustment of the property portfolio for the financial period.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expenses.

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit for the year is recognised in the income statement at the amount attributable to the profit 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 cash flows 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.

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.

Cash and cash equivalents

Cash in bank and in hand comprises cash.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Equity

Dividends

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

Other reserves

Valuation adjustments cannot be used for dividends.

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.

Prepaid rent

Prepaid rent comprises payments received regarding income in subsequent years.

Financial statements 1 January – 31 December

Notes

2 Financial income

DKK'000	2018	2017
Interest income from group entities	0	316
	0	316

3 Financial expenses

Other financial costs	9,898	10,026
	9,898	10,026

4 Tax on profit for the year

Current tax for the year	2,785	4,570
Change in deferred tax for the year	648	8,408
Tax relating to interest rate swap, adjusted in equity	2,524	-86
	5,957	12,892

5 Property, plant and equipment

DKK'000	Investment properties
Cost at 1 January 2018	534,005
Cost at 31 December 2018	534,005
Revaluations at 1 January 2018	455,995
Revaluations at 31 December 2018	455,995
Carrying amount at 31 December 2018	990,000

The property is located in Copenhagen and is used for residential (90%), retail (7%) and commercial (3%) purposes, totalling 27,281 sqm including basement area of 5,048 sqm.

Assumptions
In the valuation of the property, the following key assumptions have been applied:
-Equivalent yield of 3.75%.
- Residential units can be re-let to market rent wihtout a vacancy period.

Sensitivity analysis
An increase of the yield by 0.5 percentage points would reduce the property value by DKK 114 million, and a decrease of the yield by 0.5 percentage points would increase the property value by DKK 148 million.

6 Derivative financial instruments

The group hedhes interest rate risks by means of interest rate swaps whereby floating interest payments are conveted to fixed interest payments. The hedged cash flows are expected to be realised and will affect results over the remaining term of the swap.

Financial statements 1 January – 31 December

Notes

7 Mortgage loan

DKK'000	Total debt at 31/12 2018	Repayment, first year	Outstanding debt after five years
	640,953	7,220	610,059
	640,953	7,220	610,059

8 Contingencies

Joint taxation

The Company is jointly taxed with A-house Holding ApS, CVR no 37 93 06 79 and A-house TopCo ApS, CVR 38 03 16 43 who is the administrative company. The company is subject to the Danish scheme of joint taxation and is jointly and severally liable with the other jointly taxed companies for the total corporation tax

9 Mortgages and collateral

As security for mortgage debts, DKK 640,953 million, mortgage has been granted on project properties representing a book value of DKK 990 million at 31 December 2018.

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 2018.

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