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# ***NREP A/S***

Southamptongade 4, DK-2150 Nordhavn

## **Annual report for 1 January - 31 December 2019**

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CVR No 29 16 87 09

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company  
on: 10/8 2020

Rasmus Nørgaard  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of NREP A/S for the financial year 1 January to 31 December 2019.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. The Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for 1 January to 31 December 2019.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial matters of the group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Nordhavn, 10 August 2020

## Executive Board

Claus Schei Mathisen

## Board of Directors

Rasmus Nørgaard  
Chairman

Claus Schei Mathisen

Mikkel Bülow-Lehnsby

# Independent Auditor's Report

To the Shareholders of NREP A/S

## Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2019 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2019 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of NREP A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("Financial Statements").

## 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 Group 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

# Independent Auditor's Report

## Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company 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 Group's and the Parent 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 Group or the Parent 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 these 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 over-ride 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.

## Independent Auditor's Report

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

Hellerup, 10 August 2020

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jacob F Christiansen  
State Authorised Public Accountant  
mne18628

Thomas Wraae Holm  
State Authorised Public Accountant  
mne30141

# Company Information

## The Company

NREP A/S  
Southamptongade 4  
DK-2150 Nordhavn  
Website: [www.nrep.com](http://www.nrep.com)

CVR No: 29 16 87 09  
Financial period: 1 January - 31 December  
Incorporated: 2 November 2005  
Financial year: 14 th financial year  
Municipality of reg. Office: Copenhagen

## Board of Directors

Rasmus Nørgaard, Chairman  
Claus Schei Mathisen  
Mikkel Bülow-Lehnsby

## Executive Board

Claus Schei Mathisen

## Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Lawyers

Bruun & Hjejle  
Nørregade 21  
DK-1165 København K

## Bankers

Danske Bank A/S  
Strødamvej 46  
DK-2100 København Ø

# Financial Highlights

Seen over a five-year period, the development of the group is described by the following financial highlights:

	<b>Group</b>				
	2019	2018	2017	2016	2015 *
	DKK ('000s)	DKK ('000s)	DKK ('000s)	DKK ('000s)	DKK ('000s)
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	294.662	249.927	168.219	158.983	94.806
Operating profit/loss	197.198	184.676	97.797	111.000	58.665
Profit/loss before financial income and expenses	35.990	48.179	40.089	59.536	10.672
Net financials	2.495	-2.996	-313	-377	20.061
Net profit/loss for the year	50.323	33.506	36.180	44.332	26.832
<b>Balance sheet</b>					
Balance sheet total	403.089	267.154	158.787	101.625	84.934
Equity	191.568	140.734	49.115	32.810	40.661
<b>Cash flows</b>					
Cash flows from:					
- operating activities	35.093	20.611	-12.800	52.868	24.588
- investing activities	-13.454	-16.278	19.019	-8.399	-10.974
including investment in property, plant and equipment	-12.288	-858	-1.792	-1.442	-769
- financing activities	-6.012	11.314	-3.385	-51.084	-887
Change in cash and cash equivalents for the year	15.627	15.647	2.835	-6.615	12.727
Average number of employees	151	121	88	64	43
<b>Ratios</b>					
Gross margin	66,9%	73,9%	58,1%	69,8%	61,9%
Profit margin	12,2%	19,3%	23,8%	37,4%	11,3%
Return on assets	8,9%	18,0%	25,2%	58,6%	12,6%
Solvency ratio	47,5%	52,7%	30,9%	32,3%	47,9%
Return on equity	30,3%	35,3%	88,3%	120,7%	102,7%

The ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts. For definitions, see under Accounting Policies.

\*) The group has adopted IFRS as per 1 January 2017 and the comparative figures for 2016 have been restated. The comparative figures for 2015 reported under the Danish Financial Statements Act have not been restated.



# Management's Review

## Key activities

NREP remain a vertically integrated real estate product innovator, developer, investor and operator that seeks to make real estate better by pioneering new solutions and thinking of real estate as products serving specific customer needs (contrary to traditional 'asset-thinking'). Driven by a purpose to improve the built environment to enrich peoples' lives, NREP takes a multi-stakeholder approach and leverages its multidisciplinary teams to develop real estate and real estate anchored businesses that create long-term value for all stakeholders, i.e. customers, tenants, investors, communities and the wider society in which NREP invests as well as for its employees.

The core competence of NREP is its ability to identify, source, assess and execute long-term, value-adding investment strategies in the property sector. NREP aims at identifying strategies under which competitive advantages may be accumulated over time; either through various skills or through the process of building segment specific brands. NREP continues to develop its expertise and has continued to enter into new real estate platforms, i.e. for student housing, care homes, as well as enter into upstream value-chain developments. NREP keeps focusing on segments which have structural tailwinds, e.g. due to demographics, geographical location or through strategic partnerships.

NREP has an inherent and intentional approach to sustainability and the contribution to the surrounding societies. Examples include the largest on-roof solar-panel development in the Nordics, on a logistics building in Sweden, which saves tons on CO2 and allows tenants to reduce their supply-chain footprint. Also, NREP is pioneering a deep-well geothermal drilling in Finland to supply facilities with sustainable heating, with a 95% reduction in CO2, compared to district heating. On company level, NREP has committed to source 100% green electricity to all buildings by 2025. In other projects, NREP is pioneering construction with wood and/or upcycled building materials in general. In Ørestad, Copenhagen, a large-scale building of roughly 500 apartments – called UN17 Village – will be the first in the world to align to all 17 UN Sustainable Development Goals. Another increasingly important sustainability topic within Urban Development is affordability. In several projects, some in collaboration with social housing organizations, NREP is developing residential products specifically targeted low- and middle-income segments, while often also adding additional communal, cultural and infrastructure elements.

## Financial development for the year

The income statement of the Group for 2019 shows a profit of DKK 50,323 million (2018 DKK 33,506 million) and at 31 December 2019 the balance sheet of the Group shows equity of DKK 191,568 million (2018 DKK 140,734 million).

### *The main activities in 2019 have been:*

- January: NREP appoints Petri Valkama to Partner
- January: NREP moves into larger office facilities in Helsinki, Finland, still located in the center of the Helsinki business district
- February: NREP launches the fund raise of NSF IV with first close in September
- April: NREP moves into larger office facilities in Stockholm, Sweden, still remaining in the center of the government and business area
- April: NREP relocates its Copenhagen, Denmark, corporate headquarter from Virum north of Copenhagen to North Harbour, the new urban area close to the center of Copenhagen, and a key area in the NREP portfolio
- June: NREP launches its 2025 Strategy and adopts a new pan-Nordic and customer centric organizing principle
- June: NREP appoints Thomas E. Riise-Jakobsen to Partner

## Management's Review

### *The main activities in 2019 have been (continued):*

- July: NREP's logistics business signs landmark agreement with Axfood's to develop one of Europe's largest and most modern logistics facilities in NSF III
- August: Largest investment of the year closed, as NSF III buys a 50% stake in Tetris A/S
- September: In Helsinki, NREP hosts its Annual Investor Meeting
- October: NREP opens the first Noli Studios site, Katajanokka, in Helsinki
- In addition the NREP increased its organisational capabilities during the year with the additions of Head of Communication, Head of IT and Head of HR

A total of 60 investments were made during the year of 2019.

During the year, NREP has also increased its emphasis on IT security significantly. According to external assessments, NREP is now rated above medium on general IT security, and on Office 365 specifically, NREP's security score is 143, notably higher than the industry average of 85 and the global average of 33.

### **Follow-up on development expectations from last year**

The profit of the year reflects:

- Managements fees and other income which has been in line with budgets and expectations, as funds committed investments remain in accordance with plans
- Continued professionalization of NREP through continued recruitment of high-level professionals, hereunder focus on investment teams locally as well as the continued build-up and competency-enhancement of corporate functions to enable the strong growth of NREP. Overall, a total of 68 new employees joined NREP in 2019.
- Returns on co-investments in NREP managed funds

The revenue and the profit of the year is as expected.

Management consider the result for the year to be satisfactory as a result of the above-mentioned circumstances. Management considers 2019 to be a year of investments in the organization, including new talent base and stronger functions to allow for the growth strategy 2020 – 2025, wherefore the gross margin is lower than in previous years, but the result has increased due to increase in fair value of promote shares. This is still in line with expectations and in line with long-term plans.

### **Targets and expectations for the year ahead**

Despite Covid-19, Management expects a higher level of activity during 2020. Due to continued divestment of smaller existing funds, some fees will be reduced. However, with the ongoing fund establishment of NSF IV, which had its first closing during Q3 2019, the revenue is expected to be significantly higher in 2020 compared to 2019. Also, NREP expects to launch its first open-ended fund, an Income+ fund, during the second part of 2020, which will further increase its revenue base. Additional new fund products are being considered; however they are likely to launch later than 2020.

Costs are expected to continue to increase, as NREP is continuing building its organization and will seek to increase number of employees in a range of 25-40%, depending on the impact of the ongoing Covid-19 pandemic (see note under Subsequent Events). Furthermore, investments in new platforms is still outpacing the revenue stream from these new activities, as expected, until these platforms result in large base of new assets, which will happen from the ongoing development projects in both NSF III as well as NSF IV.

Two new platforms, Plushusene and Agorahaverne, are currently leasing up and are expected to open their first sites during second half of 2020.

Hence, the result for the year is expected to be higher than in 2019, and in line with budgets and longer-term strategic plans.

# Management's Review

## Targets and expectations for the year ahead (continued)

NREP is investing for future growth in 2020, which will yield results on longer term:

- Final closing of NREP Nordic Strategies Fund IV
- Continue the divestment of matures assets in the managed funds, i.e. NSF I on initiating divestment activities for NSF II
- Continued hiring of professionals and build a stronger base on also specialist functions
- Continued growth in asset management fees from new funds
- Continue to strengthen NREP's IT platforms and build on its digitalization and data efforts
- Continued professionalism of NREP through recruitment of high level professionals resulting in increasing salaries
- Continue and accelerate its focus and efforts on sustainability and ESG

## Special risks - operating risks and financial risks

The Group regularly defines, monitors and manages its external risks (including foreign exchange risk, credit risk, investment risk, liquidity risk, reputation risk et. al.) to align with the risk appetite of its stakeholders.

## Market risks

Management fees received from funds are primarily based on the committed or deployed capital. In Management's assessment, the risk profile of the NREP Group is normal for this Market.

The value assessments of properties held directly or indirectly through equity investments are inherently subject to some degree of uncertainty. In order to limit the risk as much as possible, all relevant properties have been assessed by external valuers, who are external parties independent of the company.

## Foreign exchange risks

The Group primarily receives management fees in EUR, whereas the Group's expenses are distributed on DKK, SEK, NOK and EUR. This implies a risk in respect of exchange fluctuation of which the main part is however hedged for operating purposes by matching income and expenses in the same currency. During 2019 NREP further strengthened its focus on treasury relation risk areas, by adding a dedicated Treasury function.

## Interest rate risks

NREP A/S and affiliated companies have little exposure to interest rate risk as external financing is limited to a working capital facility.

The NREP group might be indirectly exposed to interest rate risk through the Funds' performance. Funds have a dedicated policy for their own interest rate risk exposures.

The Fund's interest rate risks principally arise from long-term and short-term borrowings. Borrowings issued at variable rates expose the Funds to cash flow interest rate risk. To manage this, the Funds have entered into interest rate swaps and interest rate caps. For the interest rate swaps the Funds agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. Interest rate caps cap the floating interest at a specific rate.

# Management's Review

## Development activities

During the year NREP A/S has made investments in several development activities. Development projects includes investment in a number of new platforms with the aim to support the long-term strategy and focus areas of NREP. Importantly, NREP has built significant internal competencies within development and construction, and by mid-2020 NREP's in-house construction team comprises of 25 full time employees. During the first period with Covid-19 (March-May 2020), NREP had less than 1% of its building sites delayed.

## External environment

NREP considers effective environmental risk management and sustainability a prerequisite to operate, but it also see it as an integrated part of ensuring and improving the long term value of our investments. Effective environmental management not only mitigates potential future risks and liabilities but is also an opportunity to directly improve both net operating income, capital requirements and residual value.

NREP is committed to establish sustainable relationships with the local stakeholders impacted by our businesses to ensure mutual respect and understanding, active partnership and a long-term sustainable commitment. Well beyond mere regulatory compliance, NREP's ambition is to have a positive impact on the local communities in which we invest.

NREP explicitly includes sustainability as a key component in its investment policy and investment decision-making.

## Subsequent events

### *Covid-19 virus pandemic*

The global impact from Covid-19 was unforeseeable to most, however the general risk for a sudden downturn has been on the rise for a while and the NREP Funds have over the years consistently been rebalancing and divesting from the portfolio towards a more defensive strategy, which has pruned the portfolios to be resilient in a downturn period.

The NREP funds are overall well-diversified and has more than 85% of the capital committed towards three main, and by design defensive, segments:

- Living, mainly residential to let, close to the Nordic capitals and targeted to middle-income segments
- Living also includes student housing and serviced living concepts, such as well as flexible, long-stay urban living for the younger generations
- Logistics with long-term investments in modern large-scale logistics facilities
- Care with investments in long-term commitments on care homes

Across funds, the NREP has a relatively small amount of equity invested towards the hotel (<5%) and office (<7%) segments. In retail, NREP has a strong focus on necessity-driven retail, e.g. supermarkets and pharmacies, which accounts for more than 60% of NREP's rent roll in retail.

In general, NREP's investment and sourcing strategy includes diversification across geographies in the Nordics, with a low asset concentration and with well-diversified tenant segments, wherefore none of the segments or activities are adversely impacted thus far due to Covid-19.

## Management's Review

### *Covid-19 virus pandemic (continued)*

Covid-19 will certainly be a short-term challenge, but macro trends and demographics will deliver strong defensive protection to the investments of the Fund. We remain confident that the Funds are well positioned to get through this situation with minimal impact.

We therefore believe, that the financial positions of the Funds are strong and that the Covid-19 situation does not impact the Funds ability to continue its operations as the Funds still have a strong cash position and we expect to be able to refinance any loans in the Funds where covenants might be breached due to potential lower values of investment properties during 2020. Based hereon we also expect the financial impact of Covid-19 to be limited for NREP.

From an organization and leadership perspective, NREP took action and exercised its Business Continuity Plan on 26th February in response to the escalating Covid-19 spread, and implemented a task force led by senior C-level leaders, with sub-workstreams across the various areas, hereunder geographies, construction risks, tenant risks and financing risks. Key objective was first and foremost to protect the employees of NREP and their families, wherefore NREP closed down its offices several days ahead of local governments, as well as having implemented a travel restriction already end-February. NREP's setup and IT infrastructure is strong and employees have been able to work from home with minimal disruption, and NREP has furthermore implemented significant initiatives to improve working-from-home situations and ensure a strong social network in line with its overall people policies and focus on employees, safety, comfort and communication.

### *Novo Holdings A/S*

On 4th May 2020, NREP announced that it is strengthening the company with Novo Holdings A/S as minority shareholder in NREP.

The aim with this additional backing was for NREP to become even stronger and provide scalability by accelerating the companies ambitions to make real estate better and pioneer the Real Estate industry, to the benefit of all its stakeholders. Thus, NREP will invest even more in technology, sustainability and customer-centric capabilities.

Novo Holding A/S is a values-driven, well-reputed, long-term investor. Their key focus is life-science, and like NREP, they believe that the best businesses are those that solve problems. Their desire to make a positive contribution to society has been decisive for NREP, to include an external, minority shareholder. Novo Holdings is 100% owned by and generates returns to the Novo Nordisk Foundation.

NREP remain majority owned by the senior partners, and there will be no change to NREP's strategy, daily management, culture, purpose or ambition level in general.

### *NIO (Nordic Investment Opportunity) divestment*

During Q1, NREP divested its 32.1% share in NIO, where the remaining 67.9% is held by selected partners in Copenhagen Infrastructure Partners as well as Lind Invest ApS and certain private investors from the Nordic Region. This was done to maximize its focus on the core business of NREP as well as due to the maturity of NIO, having developed well since its establishment.

The divestment was done through a distribution in kind of DKK 24,2 million to selected NREP partners, based on valuations performed by experts, who are external parties independent of the company.

## Management's Review

### *New Partners*

As mentioned, NREP appointed two new partners in 2019. In 2020, two new partners have been appointed to date:

In January, Emanuele Bena joined NREP in London as Partner and Head of Capital Markets in a newly established function to enable further growth of NREP's capital base and access to capital markets.

In June, Henrik Skak Bender joined NREP as Partner and COO in a newly established function to leverage the corporate setup of NREP.

# Income Statement

	Note	Group		Parent	
		2019	2018	2019	2018
		DKK	DKK	DKK	DKK
<b>Revenue</b>	5	<b>294.661.938</b>	<b>249.927.042</b>	<b>150.637.566</b>	<b>120.334.848</b>
Other external expenses		-97.463.585	-66.740.747	-51.193.024	-32.848.670
Other Income		0	1.490.000	0	0
<b>Operating profit/loss</b>		<b>197.198.353</b>	<b>184.676.295</b>	<b>99.444.542</b>	<b>87.486.178</b>
Income from investments in associates related to NREP managed funds		16.803.919	9.625.237	0	0
Income from other investments in NREP managed funds		46.215.659	1.737.713	0	0
Staff expenses	6	-190.061.368	-145.565.698	-92.900.223	-67.433.595
Depreciation, amortisation and impairment losses	10, 11	-34.166.360	-2.294.516	-18.615.992	-205.992
<b>Profit/loss before financial income and expenses</b>		<b>35.990.203</b>	<b>48.179.031</b>	<b>-12.071.673</b>	<b>19.846.591</b>
Income/loss from investments in subsidiaries		0	0	-12.168.119	3.581.579
Income from investments in associates		-3.871.837	-2.867.441	0	0
Net gain/loss in sale of shares in investments		12.609.218	0	11.697.780	0
Financial income	7	10.420.434	8.725.190	4.431.409	3.187.850
Financial expenses	8	-7.925.772	-11.720.931	-3.408.387	-3.704.793
<b>Profit/loss before tax</b>		<b>47.222.247</b>	<b>42.315.849</b>	<b>-11.518.990</b>	<b>22.911.227</b>
Tax on profit/loss for the year	9	3.101.234	-8.810.319	2.340.263	-4.276.982
<b>Net profit/loss for the year</b>		<b>50.323.481</b>	<b>33.505.530</b>	<b>-9.178.727</b>	<b>18.634.245</b>
Of which:					
Owners of the parent company		38.886.287	27.546.681		
Non-controlling interests		11.437.195	5.958.849		
		<b>50.323.481</b>	<b>33.505.530</b>		

## Comprehensive income, Group

	2019	2018
	DKK	DKK
Profit for the year	50.323.481	33.505.530
<b>Other comprehensive income</b>		
<i>Item that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	1.536.007	1.497.147
Income tax relating to these items	0	0
<b>Total other comprehensive income</b>	<b>1.536.007</b>	<b>1.497.147</b>
<b>Total comprehensive income</b>	<b>51.859.488</b>	<b>35.002.677</b>
Of which:		
Owners of the parent company	40.422.294	29.043.828
Non-controlling interests	11.437.195	5.958.849
	<b>51.859.488</b>	<b>35.002.677</b>



# Balance Sheet

## Assets

	Note	Group		Parent	
		2019	2018	2019	2018
		DKK	DKK	DKK	DKK
Software		0	6.933.603	0	5.998.751
Development projects in progress		7.659.601	6.904.132	0	0
<b>Intangible assets</b>	10	<b>7.659.601</b>	<b>13.837.735</b>	<b>0</b>	<b>5.998.751</b>
Land and buildings		55.762.643	0	1.235.417	0
Other fixtures and fittings, tools and equipment		7.669.772	1.668.406	56.507	140.214
Leasehold improvements		6.570.842	220.357	6.570.842	220.357
Property, plant and equipment in progress		0	483.954	0	0
<b>Property, plant and equipment</b>	11	<b>70.003.257</b>	<b>2.372.717</b>	<b>7.862.766</b>	<b>360.571</b>
Investments in subsidiaries	12	0	0	48.600.354	56.396.780
Investments in associates	13	93.026.749	81.480.279	5.235.186	4.235.186
Receivables from group enterprises	14	0	0	6.291.313	6.718.668
Other investments	14	80.304.374	37.208.730	13.717.015	13.801.096
Other receivables	14, 15	6.877.425	3.038.018	1.846.211	2.734.916
Deferred tax asset	9	3.859.972	0	2.375.249	34.984
<b>Financial assets</b>		<b>184.068.521</b>	<b>121.727.027</b>	<b>78.065.328</b>	<b>83.921.630</b>
<b>Total non-current assets</b>		<b>261.731.379</b>	<b>137.937.479</b>	<b>85.928.094</b>	<b>90.280.952</b>
Trade receivables	15	38.519.564	20.677.976	16.577.031	5.996.536
Receivables from group enterprises		199.089	0	51.015.546	16.696.416
Other receivables	15	24.178.419	37.749.077	12.809.554	10.445.839
Income tax receivable		4.940.580	349.854	0	0
Prepayments		4.290.199	8.539.778	3.602.696	7.420.034
<b>Receivables</b>		<b>72.127.851</b>	<b>67.316.685</b>	<b>84.004.827</b>	<b>40.558.825</b>
<b>Cash</b>		<b>62.738.005</b>	<b>46.601.252</b>	<b>9.237.743</b>	<b>4.262.326</b>
<b>Total current assets</b>		<b>134.865.856</b>	<b>113.917.937</b>	<b>93.242.570</b>	<b>44.821.151</b>
<b>Assets classified as held for distribution / sale</b>	11.1	<b>6.491.602</b>	<b>15.298.342</b>	<b>0</b>	<b>0</b>
<b>Total assets</b>		<b>403.088.837</b>	<b>267.153.758</b>	<b>179.170.664</b>	<b>135.102.103</b>

# Balance Sheet

## Liabilities and equity

	Note	Group		Parent	
		2019 DKK	2018 DKK	2019 DKK	2018 DKK
Share capital		1.000.000	1.000.000	1.000.000	1.000.000
Reserve for net revaluation under the equity method		0	0	13.862.265	27.754.448
Reserve for foreign currency translation		561.268	-974.739	0	0
Retained earnings		150.244.147	111.357.860	43.823.203	39.109.747
<b>Equity attributable to shareholders of parent company</b>		<b>151.805.415</b>	<b>111.383.121</b>	<b>58.685.468</b>	<b>67.864.195</b>
Minority interests		39.762.107	29.350.975	0	0
<b>Equity</b>	17	<b>191.567.521</b>	<b>140.734.096</b>	<b>58.685.468</b>	<b>67.864.195</b>
Provision for deferred tax	9	0	436.742	0	0
Lease liabilities	11.2	39.396.805	0	0	0
Other payables	18	17.228.454	19.457.862	3.745.817	0
<b>Long-term debt</b>		<b>56.625.259</b>	<b>19.894.604</b>	<b>3.745.817</b>	<b>0</b>
Lease liabilities	11.2	17.736.450	0	0	0
Credit institutions	18	47.739.177	27.779.654	47.658.935	27.716.524
Trade payables		7.978.484	13.290.883	3.520.228	7.656.121
Payables to group enterprises		0	547.404	39.638.537	13.631.128
Corporation tax		0	4.281.530	0	4.281.530
Other payables	18	81.424.453	45.969.142	25.921.679	13.952.605
<b>Short-term debt</b>		<b>154.878.563</b>	<b>91.868.613</b>	<b>116.739.379</b>	<b>67.237.908</b>
<b>Total liabilities</b>		<b>211.503.822</b>	<b>111.763.217</b>	<b>120.485.196</b>	<b>67.237.908</b>
<b>Liabilities directly associated with assets classified as held for distribution / sale</b>	11.1	<b>17.494</b>	<b>14.656.445</b>	<b>0</b>	<b>0</b>
<b>Total equity and liabilities</b>		<b>403.088.837</b>	<b>267.153.758</b>	<b>179.170.664</b>	<b>135.102.103</b>
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# Statement of Changes in Equity

## Group

	Share capital DKK	Reserve for foreign currency translation DKK	Retained earnings DKK	Equity attributable to owners of the parent company DKK	Non-controlling interests DKK	Total DKK
<b>2019</b>						
Equity at 1 January	1.000.000	-974.739	111.357.860	111.383.121	29.350.975	140.734.096
Net profit/loss for the year	0	0	38.886.287	38.886.287	11.437.195	50.323.481
Acquisitions/Divestments	0	0	0	0	-307.574	-307.574
Exchange differences relating to foreign entities	0	1.536.007	0	1.536.007	25.672	1.561.679
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>1.536.007</b>	<b>38.886.287</b>	<b>40.422.294</b>	<b>11.155.293</b>	<b>51.577.586</b>
Extraordinary dividend paid	0	0	0	0	-744.161	-744.161
<b>Equity at 31 December</b>	<b>1.000.000</b>	<b>561.268</b>	<b>150.244.147</b>	<b>151.805.415</b>	<b>39.762.107</b>	<b>191.567.521</b>
<b>2018</b>						
Equity at 1 January	1.000.000	-2.471.886	47.721.613	46.249.727	2.865.602	49.115.329
Corrections for previous years	0	0	36.089.566	36.089.566	20.526.525	56.616.090
<b>Adjusted equity at 1 January</b>	<b>1.000.000</b>	<b>-2.471.886</b>	<b>83.811.179</b>	<b>82.339.293</b>	<b>23.392.127</b>	<b>105.731.419</b>
Net profit/loss for the year	0	0	27.546.681	27.546.681	5.958.849	33.505.530
Exchange differences relating to foreign entities	0	1.497.147	0	1.497.147	0	1.497.147
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>1.497.147</b>	<b>27.546.681</b>	<b>29.043.828</b>	<b>5.958.849</b>	<b>35.002.677</b>
<b>Equity at 31 December</b>	<b>1.000.000</b>	<b>-974.739</b>	<b>111.357.860</b>	<b>111.383.121</b>	<b>29.350.975</b>	<b>140.734.096</b>

## Statement of Changes in Equity

## Parent

	Share capital DKK	Reserve for net revaluation under the equity method DKK	Retained earnings DKK	Total DKK
<b>2019</b>				
Equity at 1 January	1.000.000	27.754.448	39.109.747	67.864.195
Net profit/loss for the year	0	-13.892.183	4.713.456	-9.178.727
<b>Equity at 31 December</b>	<b>1.000.000</b>	<b>13.862.265</b>	<b>43.823.203</b>	<b>58.685.468</b>
<b>2018</b>				
Equity at 1 January	1.000.000	28.656.570	19.573.356	49.229.926
Net profit/loss for the year	0	-902.122	19.536.367	18.634.245
Exchange differences relating to foreign entities	0	0	24	0
<b>Equity at 31 December</b>	<b>1.000.000</b>	<b>27.754.448</b>	<b>39.109.747</b>	<b>67.864.195</b>

## Statement of Cashflow

	Note	Group	
		2019 DKK	2018 DKK
Net profit/loss for the year		50.323.481	33.505.530
Adjustments	19	-30.577.278	5.194.706
Changes in net working capital	20	24.052.750	-16.815.181
<b>Cash flows from ordinary activities before financial income and expenses</b>		<b>43.798.953</b>	<b>21.885.055</b>
Financial income		10.420.434	8.725.190
Financial expenses		-9.058.602	-6.993.065
<b>Cash flows from ordinary activities</b>		<b>45.160.785</b>	<b>23.617.180</b>
Corporation tax paid		-10.067.735	-3.006.566
<b>Net cash flow from operating activities</b>		<b>35.093.050</b>	<b>20.610.614</b>
Purchase of intangible assets		-14.054.325	-9.483.026
Purchase of property, plant and equipment		-12.288.058	-858.164
Purchase of investments in associates		1.385.614	-5.937.247
Sale of assets/liabilities classified as held for sale		8.382.280	0
Sale of fixed asset investments etc		3.120.015	0
<b>Net cash flow from investing activities</b>		<b>-13.454.475</b>	<b>-16.278.437</b>
Repayment of mortgage loans		0	-162.655
Net change of loans from credit institutions		19.959.523	11.116.207
Repayment of loans from group enterprises		-746.493	360.783
Repayment of lease activities		-11.010.309	0
Non-current borrowings - disclosed as liabilities to held for sale		-14.214.488	0
<b>Cash flow from financing activities</b>		<b>-6.011.767</b>	<b>11.314.335</b>
<b>Change in cash and cash equivalents</b>		<b>15.626.808</b>	<b>15.646.512</b>
Cash and cash equivalents at 1 January		46.601.252	30.671.123
Exchange adjustment of cash and cash equivalents		509.945	283.617
<b>Cash and cash equivalents at 31 December</b>		<b>62.738.005</b>	<b>46.601.252</b>
Cash and cash equivalents are specified as follows:			
Cash		62.738.005	46.601.252
<b>Cash and cash equivalents at 31 December</b>		<b>62.738.005</b>	<b>46.601.252</b>

# Notes to the Financial Statements

## 1 General Information

NREP is a vertically integrated real estate product innovator, developer, investor and operator that seeks to make real estate better. NREP takes a multi-stakeholder approach and leverages its multidisciplinary team to develop real estate and real estate anchored businesses that create long-term value for tenants, investors and the wider communities in which NREP invests.

NREP A/S was established on 2 November 2005 and operates as a North European investment group focusing on identifying, assessing and executing property related investment platforms in the Scandinavian region.

The investment objective of these platforms is to pursue investments in real estate, either through equity or debt instruments in Denmark, Finland, Norway and Sweden, with the intention of delivering strong risk adjusted returns. These platforms typically focus primarily on suburban areas around all capital cities as well as the main regional cities, targeting attractive locations in supply constrained areas in order to maintain high occupancy levels and the ability to increase rental income over time.

NREP A/S has its registered office at DK-2150 Nordhavn, Denmark

## 2 Critical accounting estimates and judgements

The Group makes accounting estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The judgments, estimates and assumptions applied are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical estimates, judgements and assumptions for the individual items are described below.

The Group is also subject to risks and uncertainties that may lead to actual results differing from these estimates, both positively and negatively.

The following assets are subject to significant estimation uncertainty:

### *Development projects*

Development projects are measured at cost less amortisation and impairment. The carrying amount is DKK 7,660k (31 December 2018: DKK 6,904k).

Management has reviewed the projects and assessed the possibilities for realising a profitable business basis. These assessments have been used to assess the need of impairment of activated project costs.

The assessment did not lead to impairments.

### *Properties in investments*

Properties held by entities in which the Group hold an equity interest through investments in associates or non controlling interests are normally measured at fair value. The fair value of investment properties is determined by NREP and assessed by independent valuers using acknowledged valuation techniques. The models used for valuing investment properties can include the net present value of estimated future cash flows, the capitalisation of expected yields approach, and/or recent transactions of comparable properties. The determination of the inputs in the valuation calculations requires management to make judgments and estimates. The carrying amount such equity investments is DKK 172,788k as of 31 December 2019 (31 December 2018: DKK 118,689k) of which DKK 92,657k are held through associated companies (31 December 2018: DKK 81,480k). Refer to note 3 for a further discussion of the assumptions applied.

# Notes to the Financial Statements

## 2 Critical accounting estimates and judgements (continued)

The cost of properties in the course of development includes attributable interest and other associated expenses. Interest is calculated and capitalized on the development by reference to a specific borrowing where relevant. Interest is not capitalised where no development activity is taking place. A property ceases to be treated as development property on completion.

Investment properties under construction for which the fair value cannot be determined reliably, are measured at cost less impairment until the fair value becomes reliably determinable.

### *Investments*

Investments in associates and other investments includes shares owned directly or indirectly which are measured at fair value. The carrying amount of such equity investments is DKK 173,331k (31 December 2018: DKK 118,689k). Valuation of some of the shares are subject to significant accounting estimates as the valuation is based on the performance of the NREP Managed Fund exceeding a predetermined hurdle rate, which is in turn driven by the risk factors of the fund including financial capacity of tenants to pay rent, market conditions in terms of supply and demand of buildings / rental space, NREP ability to buy / sell buildings at low / high valuation respectively at the right cycles of the fund investment cycle, independent valuations or better are obtained on sale, vacancy rates, renegotiation terms of rental and financing arrangements, FX rates stability as FX risk is not hedged in the fund, compliance with loan covenants, taxation rules stability and the discount rate applicable to forecasted carried interest flows.

### *Management has made the following judgments when applying accounting policies:*

Shares are classified as equity investments if the Group does not have an obligation to sell the shares at cost or an amount lower than fair value if the Investors elect another Fund Manager. If the Group has such an obligation, such shares are considered contingent consideration arrangement related to the services delivered under the Investment Management agreements.

## 3 Financial risk management

### *Market risks*

The Group is subject to the following markets risks:

- Market risks
- Foreign exchange risks
- Interest rate risk
- Liquidity risk
- Credit risk

The Group regularly defines, monitors and manages its external risks (including foreign exchange risk, credit risk, investment risk, liquidity risk, reputation risk et. al.) to align with the risk appetite of its stakeholders.

The valuation of NREP's co-investments in NREP managed funds is inherently linked to the valuation of real estate properties in the fund portfolios. The value of investment property is subject to market conditions and is estimated with some degree of uncertainty. All real estate properties have been valued by independent external valuers.

### *Market risks*

Management fees received from funds are primarily based on the committed or deployed capital. In Management's assessment, the risk profile of the NREP Group is normal for this Market.

# Notes to the Financial Statements

## 3 Financial risk management (continued)

The value assessments of properties held directly or indirectly through equity investments are inherently subject to some degree of uncertainty. In order to limit the risk as much as possible, all relevant properties have been assessed by external valuers, who are external parties independent of the company.

The fair value of the properties has been determined on discounted cash flows using equivalent yields between 3.6% and 8.2% depending on the type and location of the property. These inputs include:

- Future rental cash inflows based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
- Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
- Estimated vacancy rates based on current and expected future market conditions after expiry of any current lease;
- Maintenance costs including necessary investments to maintain functionality of the property for its expected useful life;
- Capitalisation rates based on actual location, size and quality of the properties and taking into account market data at the valuation date;
- Terminal value taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

### *Foreign exchange risks*

The Group primarily receives management fees in EUR, whereas the Group's expenses are distributed on DKK, SEK, NOK and EUR. This implies a risk in respect of exchange fluctuation of which the main part is however hedged for operating purposes by matching income and expenses in the same currency.

### *Interest rate risks*

NREP A/S and affiliated companies have little exposure to interest rate risk as external financing is limited to a working capital facility with a variable interest of +2.5% of BOR.

The NREP group might be indirectly exposed to interest rate risk through the Funds' performance. Funds have a dedicated policy for their own interest rate risk exposures.

The Fund's interest rate risks principally arise from long-term and short-term borrowings. Borrowings issued at variable rates expose the Funds to cash flow interest rate risk. To manage this, the Funds have entered into interest rate swaps and interest rate caps. For the interest rate swaps the Funds agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. Interest rate caps cap the floating interest at a specific rate.

# Notes to the Financial Statements

## 3 Financial risk Management (continued)

Fair value	2019			
	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservab- le inputs (Level 3)	Total
	DKK	DKK	DKK	DKK
Other investments and associates (with shares or underlying shares measures at fair value)	0	0	173.331.124	173.331.124
<b>Carrying amount 31 December</b>	<b>0</b>	<b>0</b>	<b>173.331.124</b>	<b>173.331.124</b>
	2018			
	DKK	DKK	DKK	DKK
Other investments and associates (with shares or underlying shares measures at fair value)	0	0	118.689.009	118.689.009
<b>Carrying amount 31 December</b>	<b>0</b>	<b>0</b>	<b>118.689.009</b>	<b>118.689.009</b>

The fair value Hierachy levels are as follows:

Level 1 - quoted proces (unadjusted) in active markets for identical assets and liabilities

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability

Level 3 - Inputs for the asset or liability that are not based on observable market data

The following table presents the change in level 3 items for the years ended 31 December 2019 and 31 December 2018:

	2019 DKK
Opening at 1 January	118.689.009
Value adjustments from associates related to NREP managed funds	8.213.098
Value adjustments from investments related to NREP managed funds	46.429.017
<b>Closing balance 31 December</b>	<b>173.331.124</b>



# Notes to the Financial Statements

## 3 Financial risk management (continued)

### Liquidity risk

The Group manages its liquidity risk by monitoring the changes in working capital and by ensuring adequate funding. Based on the Group's cash management principle, the Group's cash is accumulated in dedicated bank accounts. Risk analysis and designing of risk management plans are conducted at the top management level. The Group's liquidity risk policy is based on a conservative approach, whose main objective is to secure the safeguarding of the cash flows generated from the operations to ensure sufficient liquidity enabling timely settlement of the liabilities undertaken.

At 31 December 2019 the Group has undrawn borrowing facilities of DKK 19.500k (EUR 2.600k) that may be available for future operating activities and to settle capital commitments. The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group	2019				
	Less than 3 months DKK	Less than 1 year DKK	Between 1 and 5 year DKK	More than 5 years DKK	Total DKK
<b>As at 31 December</b>					
Leases	7.046.853	11.736.922	31.882.757	14.003.312	<b>64.669.844</b>
Credit institutions	82.248	48.850.408	0	0	<b>48.932.656</b>
Other payables	45.738.993	49.051.219	17.228.454	0	<b>112.018.666</b>
Trade payables	7.978.484	0		0	<b>7.978.484</b>
Payables to group enterprises	0	0		0	<b>0</b>
	<b>60.846.578</b>	<b>109.638.549</b>	<b>49.111.211</b>	<b>14.003.312</b>	<b>233.599.650</b>
	2018				
<b>As at 31 December</b>					
Credit institutions	235.036	27.966.741	0	0	<b>28.201.777</b>
Other payables	46.236.036	0	15.307.258	4.150.604	<b>65.693.898</b>
Trade payables	13.290.883	0	0	0	<b>13.290.883</b>
Payables to group enterprises	0	547.404	0	0	<b>547.404</b>
	<b>59.761.955</b>	<b>28.514.145</b>	<b>15.307.258</b>	<b>4.150.604</b>	<b>107.733.962</b>

Fair values are approximately the same as the carrying amounts.

# Notes to the Financial Statements

## 3 Financial risk management (continued)

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group has no significant concentrations of credit risk.

Credit risk arises from cash and cash equivalents held at banks, trade receivables and other receivables.

Credit risk is managed on a group basis. The Group does not monitor the credit quality of trade and other receivables on an ongoing basis. Cash balances are held only with financial institutions with a Moody's or Fitch credit rating of Aa3 or above, except in cases where amounts are immaterial

Credit risk arises principally from other receivable, trade receivables and cash and cash equivalents.

NREP A/S monitors credit risk of any Financial Counterparty on an annual basis and performs initial financial due diligence.

The Group's maximum exposure to credit risk by class of financial asset is as follows:

	<b>Group</b>	
	2019 DKK	2018 DKK
Trade receivables	38.519.564	20.677.976
Other receivables	31.055.844	40.787.095
Cash and Cash Equivalents	62.738.005	46.601.252

Cash and cash equivalents and deposits were placed with financial institutions whose ratings are as follows:

	Financial Institution	Rating Agency	Rating	<b>Group</b>	
				2019 TDKK	2018 TDKK
	BBH *	Fitch	A+	33.015	16.020
	Danske Bank	Moody's	A1	27.972	27.016
	Nordea Bank	Moody's	Aa3	2.616	3.483
	SEB	Moody's	Aa3	0	63
	Other banks	Moody's/Fitch	-	0	117
	<i>Cash at bank and in hand classified as held for sale / distribution (Note 11.1)</i>			-865	-98
				<b>62.738</b>	<b>46.601</b>

\* Acting as an intermediary for HSBC, Nordea Bank Denmark, Nordea Bank Norway and SEB

The ratings for financial institutions with which the Group does business in multiple countries are the same for all locations of that institution.

Further details on the Group's credit risk and the related expected credit loss for rent and service charge receivables and debt investments are included in note 15 respectively.

# Notes to the Financial Statements

	<b>Parent</b>	
	2019	2018
	DKK	DKK
<b>4 Proposed distribution of profit, Parent</b>		
Reserve for net revaluation under the equity method	-13.892.183	-902.122
Retained earnings	4.713.456	19.536.367
	<b>-9.178.727</b>	<b>18.634.245</b>

	<b>Group</b>		<b>Parent</b>	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
<b>5 Revenue</b>				
Asset Management Fee	221.127.466	227.100.673	40.260.477	32.614.810
Fee other services	65.599.253	17.359.184	19.031.252	5.494.652
Other	7.935.219	5.467.185	0	0
Internal Advisory Fee	0	0	91.345.837	82.225.386
	<b>294.661.938</b>	<b>249.927.042</b>	<b>150.637.566</b>	<b>120.334.848</b>

<b>6 Staff expenses</b>				
Wages and salaries	132.165.068	100.390.634	70.816.198	48.778.217
Pensions	12.787.622	8.852.233	4.278.646	2.643.467
Other social security expenses	9.242.790	7.899.207	233.201	14.102
Other staff expenses	35.865.888	28.423.624	17.572.178	15.997.809
	<b>190.061.368</b>	<b>145.565.698</b>	<b>92.900.223</b>	<b>67.433.595</b>
<b>Average number of employees</b>	<b>151</b>	<b>121</b>	<b>65</b>	<b>48</b>

## Key Management Compensation

The key management for the NREP Group has been defined as the partner group, which consist of 12 persons (2018: 10 persons), executive Management and Board of Directors. The compensation paid or payables to key management for employee services is shown below:

	<b>Group</b>	
	2019	2018
	DKK	DKK
Wages and salaries	14.614.559	11.536.836
Pensions, defined contribution plans	164.151	77.532
Other long-term benefits	0	2.333
	<b>14.778.710</b>	<b>11.616.701</b>
<b>Compensation to the Board of Directors and Key Management</b>		
Compensation to the Board of Directors	5.943.410	5.328.670
Compensation to the Key Management	8.835.300	6.288.031
	<b>14.778.710</b>	<b>11.616.701</b>

# Notes to the Financial Statements

	Group		Parent	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
<b>7 Financial Income</b>				
Interest received from group enterprises	0	0	690.119	677.595
Other interest income	10.420.434	8.725.190	3.741.291	2.510.255
Value adjustments other investments	0	0	0	0
	<b>10.420.434</b>	<b>8.725.190</b>	<b>4.431.409</b>	<b>3.187.850</b>
<b>8 Financial expenses</b>				
Interest paid to group enterprises	0	0	755.599	535.527
Other interest expenses	1.695.745	5.359.369	1.064.706	735.227
Exchange losses	2.834.150	625.664	1.588.082	2.434.039
Lease expenses	1.132.830	0	0	0
Value adjustments other investments	2.263.047	5.735.898	0	0
	<b>7.925.772</b>	<b>11.720.931</b>	<b>3.408.387</b>	<b>3.704.793</b>
<b>9 Tax on profit/loss for the year</b>				
Current tax for the year	1.195.484	8.814.867	0	4.281.530
Deferred tax for the year	-4.296.714	39.570	-2.340.263	-2.379
Adjustment of tax concerning previous years	0	-44.118	0	-2.169
	<b>-3.101.230</b>	<b>8.810.319</b>	<b>-2.340.263</b>	<b>4.276.982</b>
<b>Income tax expenses are specified as follows:</b>				
<b>Calculated 22.0% tax on profit for the year before income tax</b>	<b>10.388.894</b>	<b>9.309.487</b>	<b>-2.534.178</b>	<b>5.040.470</b>
<b>Tax effects</b>				
Difference in tax rates	-169.455	-171.228	0	0
Fair value adjustments	-12.514.637	-607.114	0	0
Non-taxable income	-2.774.028	-327.800	0	0
Non-deductible expenses	2.476.780	1.526.318	90.542	24.615
Tax exempt dividends	0	0	103.475	-787.947
Adjustment of tax relating to previous years	0	0	0	0
Other	-508.789	-919.343	-102	-156
<b>Tax effects, total</b>	<b>-13.490.129</b>	<b>-499.168</b>	<b>193.914</b>	<b>-763.488</b>
<b>Tax expenses</b>	<b>-3.101.234</b>	<b>8.810.319</b>	<b>-2.340.263</b>	<b>4.276.982</b>
<b>Effective tax rate</b>	<b>-6%</b>	<b>21%</b>	<b>20%</b>	<b>19%</b>

## Notes to the Financial Statements

	Group		Parent	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
<b>9 Tax on profit/loss for the year (continued)</b>				
<b>Deferred tax</b>				
Provision for deferred tax at 1 January	436.742	397.172	-34.984	-32.614
Amounts recognised in the income statement for the year	-4.296.714	39.570	-2.340.263	-2.370
<b>Deferred tax at 31 December</b>	<b>-3.859.972</b>	<b>436.742</b>	<b>-2.375.247</b>	<b>-34.984</b>
Property, plant and equipment	-271.174	-330.640	57.224	-34.984
Development projects	707.916	767.382		0
Tax loss carry-forward	-4.296.714	0	-2.432.472	0
	<b>-3.859.972</b>	<b>436.742</b>	<b>0</b>	<b>0</b>
Of which presented as deferred tax assets	3.859.972	0	2.375.249	34.984
Of which presented as deferred tax liabilities	0	436.742	0	0

# Notes to the Financial Statements

## 10 Intangible assets

### Group 2019

	Software DKK	Development projects in progress DKK
Cost at 1 January	9.531.007	7.923.064
Additions for the year	11.540.380	2.997.762
Cost at 31 December	21.071.387	10.920.826
Impairment losses and amortisation at 1 January	2.597.404	1.018.932
Impairment losses for the year	18.444.324	2.245.014
Movements due to currency	29.659	-2.721
Impairment losses and amortisation at 31 December	21.071.387	3.261.225
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>7.659.601</b>

### Group 2018

	Software DKK	Development projects in progress DKK
Cost at 1 January	2.599.488	5.371.557
Additions for the year	6.931.519	2.551.507
Cost at 31 December	9.531.007	7.923.064
Impairment losses and amortisation at 1 January	2.599.488	0
Impairment losses for the year	0	1.026.827
Movements due to currency	-2.084	-7.895
Impairment losses and amortisation at 31 December	2.597.404	1.018.932
<b>Carrying amount at 31 December</b>	<b>6.933.603</b>	<b>6.904.132</b>

# Notes to the Financial Statements

## 10 Intangible assets

### Parent 2019

	Software
	DKK
Cost at 1 January	8.598.239
Additions for the year	11.381.791
Cost at 31 December	19.980.030
Impairment losses and amortisation at 1 January	2.599.488
Impairment losses for the year	17.380.542
Impairment losses and amortisation at 31 December	19.980.030
<b>Carrying amount at 31 December</b>	<b>0</b>

### Parent 2018

	Software
	DKK
Cost at 1 January	2.599.488
Additions for the year	5.998.751
Cost at 31 December	8.598.239
Impairment losses and amortisation at 1 January	2.599.488
Impairment losses for the year	0
Impairment losses and amortisation at 31 December	2.599.488
<b>Carrying amount at 31 December</b>	<b>5.998.751</b>

# Notes to the Financial Statements

## 11 Property, plant and equipment

Group 2019	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	DKK	DKK	DKK	DKK
	Cost at 1 January	0	8.382.693	361.213
Additions for the year	65.819.708	6.162.591	7.487.644	1.600.921
Transfers	0	2.083.961	0	-2.083.961
<b>Cost at 31 December</b>	<b>65.819.708</b>	<b>16.629.245</b>	<b>7.848.857</b>	<b>0</b>
Impairment losses and depreciation at 1 January	0	6.714.287	140.856	-914
Depreciation for the year	10.057.065	2.282.798	1.137.159	0
Movements due to currency	0	-37.612	0	914
<b>Impairment losses and depreciation at 31 December</b>	<b>10.057.065</b>	<b>8.959.473</b>	<b>1.278.015</b>	<b>0</b>
<b>Carrying amount at 31 December</b>	<b>55.762.643</b>	<b>7.669.772</b>	<b>6.570.842</b>	<b>0</b>
Including right-of-use assets amounting to	54.527.236	2.610.775	0	0
Depreciated over	50 years	3-5 years	5-20 years	
Group 2018	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	DKK	DKK	DKK	DKK
	Cost at 1 January	16.065.732	8.505.986	317.584
Additions for the year	0	331.494	43.629	483.040
Assets classified as held for sale (Note 11.1)	-16.065.732	-454.787	0	0
<b>Cost at 31 December</b>	<b>0</b>	<b>8.382.693</b>	<b>361.213</b>	<b>483.040</b>
Impairment losses and depreciation at 1 January	1.267.168	5.925.028	73.925	0
Depreciation for the year	344.126	856.632	66.931	0
Movements due to currency	8.414	8.425	0	-914
<b>Impairment losses and depreciation at 31 December</b>	<b>1.619.708</b>	<b>6.790.085</b>	<b>140.856</b>	<b>-914</b>
Assets classified as held for sale (Note 11.1)	-1.619.708	-75.798	0	0
	0	6.714.287	140.856	-914
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>1.668.406</b>	<b>220.357</b>	<b>483.954</b>
Depreciated over	50 years	3-5 years	5-20 years	



# Notes to the Financial Statements

## 11 Property, plant and equipment (continued)

### Parent 2019

	Land and buildings	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 January	0	2.815.844	361.213
Additions for the year	1.250.000	0	7.487.644
Cost at 31 December	<u>1.250.000</u>	<u>2.815.844</u>	<u>7.848.857</u>
Impairment losses and depreciation at 1 January	0	2.675.630	140.856
Depreciation for the year	14.583	83.707	1.137.159
Impairment losses and depreciation at 31 December	<u>14.583</u>	<u>2.759.337</u>	<u>1.278.015</u>
<b>Carrying amount at 31 December</b>	<b><u>1.235.417</u></b>	<b><u>56.507</u></b>	<b><u>6.570.842</u></b>
Depreciated over	<u>50 years</u>	<u>3-5 years</u>	<u>5-20 years</u>

### Parent 2018

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 January	2.815.844	317.584
Additions for the year	0	43.629
Cost at 31 December	<u>2.815.844</u>	<u>361.213</u>
Impairment losses and depreciation at 1 January	2.536.569	73.925
Depreciation for the year	139.061	66.931
Impairment losses and depreciation at 31 December	<u>2.675.630</u>	<u>140.856</u>
<b>Carrying amount at 31 December</b>	<b><u>140.214</u></b>	<b><u>220.357</u></b>
Depreciated over	<u>3-5 years</u>	<u>5-20 years</u>

# Notes to the Financial Statements

## 11.1 Assets classified as held for distribution / sale

Assets classified as held for distribution relates to the expected distribution of Nordic Investment Opportunities Holding ApS. Assets classified as held for sale in 2018 relates to the sales of Ejendomsselskabet Skodsborgvej 48 ApS.

As at 31 December 2019, assets classified as held for distribution amount to DKK 6,492k (2018: DKK 15,298k). As at 31 December 2019, liabilities classified as held for sale amount to DKK 17k (2018: DKK 14,656k).

	<b>Group</b>	
	<u>2019</u>	<u>2018</u>
	DKK	DKK
<b>Non-current assets</b>		
Land and buildings	0	14.446.024
Leashold improvements	0	378.989
Deferred tax Assets	0	400.172
Investments in associates	5.616.505	0
	<u>5.616.505</u>	<u>15.225.185</u>
<b>Current assets</b>		
Trade receivables	0	-260.154
Other receivables	9.969	32.000
Income tax receivable	0	187.002
Prepayments	0	16.269
Cash at bank and in hand	865.128	98.040
	<u>875.097</u>	<u>73.157</u>
<b>Assets classified as held for sale</b>	<u><b>6.491.602</b></u>	<u><b>15.298.342</b></u>
<b>Non-current liabilities</b>		
Mortgage loans	0	12.000.266
Credit institutions	0	1.423.245
	<u>0</u>	<u>13.423.511</u>
<b>Current liabilities</b>		
Mortgage loans	0	484.252
Credit institutions	0	306.725
Trade payables	0	174.672
Coporation tax	0	391
Other payables	17.494	266.894
	<u>17.494</u>	<u>1.232.934</u>
<b>Liabilities directly associated to non-current assets classified as held for sale</b>	<u><b>17.494</b></u>	<u><b>14.656.445</b></u>

# Notes to the Financial Statements

## 11.2 Leases

The Group has entered leases on land, properties, cars and equipment. The remaining lease period for land and buildings is mainly 4 years and is related to offices and residential premises in Denmark, Sweden and Finland. The non-cancellable lease period for cars is typically between 12 and 48 months. In general car leases do not include any extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group has recognized the following amounts relating to leases:

	<b>Group</b>	
	2019 DKK	2018 DKK
<b>Lease liabilities</b>		
Current	39.396.805	0
Non-current	17.736.450	0
	<b>57.133.255</b>	<b>0</b>
<b>Right-of-use assets</b>		
Land and buildings	54.527.236	0
Other fixtures and fittings, tools and equipment	2.610.775	0
	<b>57.138.011</b>	<b>0</b>
<p>Additions to the right-of-use assets during the 2019 financial year were DKK 42,482k for the Group, respectively.</p>		
<p>The statement of profit or loss shows the following amounts relating to leases:</p>		
Land and buildings	10.042.472	0
Other fixtures and fittings, tools and equipment	967.837	0
	<b>11.010.309</b>	<b>0</b>
<b>Interest expense</b>		
Land and buildings	914.925	0
Other fixtures and fittings, tools and equipment	217.905	0
	<b>1.132.830</b>	<b>0</b>

## Notes to the Financial Statements

	Parent	
	2019 DKK	2018 DKK
<b>12 Investments in subsidiaries</b>		
Cost at 1 January	24.139.887	16.248.894
Additions for the year	9.800.985	7.890.993
Disposal for the year	-323.676	0
Cost at 31 December	<u>33.617.196</u>	<u>24.139.887</u>
Value adjustments at 1 January	27.754.448	25.980.941
Exchange adjustment	-974.468	-1.433.922
Net profit/loss for the year	-12.168.119	3.581.580
Dividend to the Parent Company	-749.596	-374.151
Value adjustments at 31 December	<u>13.862.265</u>	<u>27.754.448</u>
Equity investments with negative net asset value amortised over receivables	<u>1.120.893</u>	<u>4.502.445</u>
<b>Carrying amount at 31 December</b>	<b><u>48.600.354</u></b>	<b><u>56.396.780</u></b>

DKK 90k of the additions for the year are capital injections in newly registered entities. The remaining portion of DKK 9,711k relates to capital injections in existing entities. As the additions do not constitute business combinations further disclosure are not given.

# Notes to the Financial Statements

## 12 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
NREP AB	Stockholm, Sweden	SEK 100,000	100%
NREP Oy	Helsinki, Finland	EUR 2,500	50%
NREP AS	Oslo, Norway	NOK 100,800	100%
NREP Corporation UK Limited	London, England	GBP 1	100%
NREP Management Company S.á r.l.	Luxembourg	EUR 125,000	100%
NREP Strategies Fund II GP S.á r.l.	Luxembourg	EUR 12,500	100%
NREP Komplementarselskab ApS (under frivillig likvidation)	Nordhavn, Denmark	DKK 80,000	100%
Komplementarselskabet NREP Copenhagen Residential Fund 1 ApS	Nordhavn, Denmark	DKK 80,000	100%
UMEUS ManCo ApS	Nordhavn, Denmark	DKK 50,001	100%
NREP LPF GP S.á r.l.	Luxembourg	EUR 12,000	100%
NREP LPF MLP S.á r.l.	Luxembourg	EUR 12,000	100%
Nordic Strategies Fund III GP S.á r.l.	Luxembourg	EUR 12,000	100%
Nordic Strategies Fund IV GP S.á r.l.	Luxembourg	EUR 12,000	100%
Noli Studios Finland Oy	Helsinki, Finland	EUR 2,500	100%
NREP Administration AB	Stockholm, Sweden	EUR 6,500	100%
Woods Office OpCo ApS	Nordhavn, Denmark	DKK 650,000	100%
Den Studios Denmark ApS	Nordhavn, Denmark	DKK 50,001	100%
NREP Ventures Co 2 AS	Oslo, Norway	NOK 30,000	100%
Noli Studios Finland Staff Pool Oy	Helsinki, Finland	EUR 2,500	100%
NREP InvestCo 65 AB	Stockholm, Sweden	EUR 5,068	61%
Plushusene Management ApS	Horsens, Denmark	DKK 100,000	50%

# Notes to the Financial Statements

	Group		Parent	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
<b>13 Investments in associates</b>				
Cost at 1 January	36.988.673	30.951.544	4.235.186	4.210.186
Additions for the year	1.000.000	6.602.790	1.000.000	25.000
Disposals for the year	-92.689	0	0	0
Transfers for the year	3.504.456	0	0	0
Other adjustments	147.823	-565.661	0	0
Cost at 31 December	<u>41.548.263</u>	<u>36.988.673</u>	<u>5.235.186</u>	<u>4.235.186</u>
Value adjustments at 1 January	44.491.606	37.940.022	0	0
Exchange adjustment	-328.886	-361.826	0	0
Share of result, NREP managed funds	16.803.919	9.625.237	0	0
Share of result, other	-3.871.837	-2.867.441	0	0
Other adjustments including dividends	-5.616.316	155.614	0	0
Value adjustments at 31 December	<u>51.478.486</u>	<u>44.491.606</u>	<u>0</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>93.026.749</u></b>	<b><u>81.480.279</u></b>	<b><u>5.235.186</u></b>	<b><u>4.235.186</u></b>

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
<b>Investment in NREP Fund</b>			
NREP InvestCo 3 AB	Sweden	SEK 100,000	23%
NREP InvestCo 28 AB	Sweden	SEK 50,000	32%
NREP InvestCo 7 AB	Sweden	EUR 6.000	24%
NREP InvestCo 15 AB	Sweden	EUR 6,500	40%
NREP InvestCo 31 AB	Sweden	SEK 50,000	43%
NREP InvestCo 50 AB	Sweden	EUR 6,500	24%
NREP InvestCo 14 AB	Sweden	EUR 6,500	36%
NREP NSF III InvestCo 94 AS	Norway	NOK 323,328	29%
NREP InvestCo 44 AS	Norway	NOK 331,418	22%
NREP NSF III InvestCo 84 AB	Sweden	EUR 6,500	25%
NREP InvestCo 95 AB	Sweden	EUR 17,333	33%
<b>Investments in other</b>			
Lendager Group ApS	Denmark	DKK 98,175	45%

# Notes to the Financial Statements

## 14 Other financial assets

2019

	Group		Parent		
	Other investments	Other receivables	Receivables from group enterprises	Other investments	Other receivables
	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	33.528.857	3.038.018	11.221.113	15.173.219	2.734.916
Additions for the year	5.096.377	4.952.427	12.437.679	1.335.311	604.436
Disposals for the year	-2.174.882	-1.113.020	-16.441.126	-2.152.101	-1.493.141
Other adjustments	0	0	194.539	0	0
Transfer for the year	-3.504.456	0	0	0	0
Cost at 31 December	<u>32.945.896</u>	<u>6.877.425</u>	<u>7.412.205</u>	<u>14.356.429</u>	<u>1.846.211</u>
Value adjustments at 1 January	3.733.490	0	0	0	0
Fair value adjustment , NREP managed funds	46.215.659	0	0	0	0
Fair value adjustment	<u>-2.263.047</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Value adjustments at at 31 December	<u>47.686.102</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Impairment at 1 January	-53.617	0	4.502.445	1.372.123	0
Exchange adjustment	-274.007	0	0	-9.156	0
Impairment losses for the year	0	0	-3.381.553	0	0
Impairment losses released in connection with disposals	<u>0</u>	<u>0</u>	<u>0</u>	<u>-723.553</u>	<u>0</u>
Impairment at 31 December	<u>-327.624</u>	<u>0</u>	<u>1.120.892</u>	<u>639.414</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>80.304.374</u></b>	<b><u>6.877.425</u></b>	<b><u>6.291.313</u></b>	<b><u>13.717.015</u></b>	<b><u>1.846.211</u></b>

# Notes to the Financial Statements

## 14 Other financial assets (continued)

2018

	Group		Parent		
	Other investments	Other receivables	Receivables from group enterprises	Other investments	Other receivables
	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	29.079.004	2.448.467	5.950.407	10.993.395	1.483.778
Additions for the year	4.472.406	589.551	4.296.074	4.179.824	778.492
Disposals for the year	-22.553	0	-1.123.794	0	-518.858
Other adjustments	0	0	0	0	0
Transfer for the year	0	0	2.098.426	0	991.504
Cost at 31 December	<u>33.528.857</u>	<u>3.038.018</u>	<u>11.221.113</u>	<u>15.173.219</u>	<u>2.734.916</u>
Value adjustments at 1 January	7.731.675	0	0	0	0
Fair value adjustment , NREP managed funds	1.737.713	0	0	0	0
Fair value adjustment	-5.735.898	0	0	0	0
Value adjustments at at 31 December	<u>3.733.490</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Impairment at 1 January	0	0	2.580.155	1.397.293	0
Exchange adjustment	-53.617	0	0	-25.170	0
Impairment losses for the year	0	0	1.922.290	0	0
Impairment losses released in connection with disposals	0	0	0	0	0
Impairment at 31 December	<u>-53.617</u>	<u>0</u>	<u>4.502.445</u>	<u>1.372.123</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>37.208.730</u></b>	<b><u>3.038.018</u></b>	<b><u>6.718.668</u></b>	<b><u>13.801.096</u></b>	<b><u>2.734.916</u></b>

Penneo dokumentnøgle: 4ZNLW-UMNMP-B1K2V-AE46F-U7V03-G4DBC



## Notes to the Financial Statements

	Group		Parent	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
<b>15 Receivables</b>				
Trade receivables at 31 December	38.519.564	20.677.976	16.577.031	5.996.536
<b>Trade receivables net</b>	<b>38.519.564</b>	<b>20.677.976</b>	<b>16.577.031</b>	<b>5.996.536</b>

The expected credit loss is based on a provision matrix, which considers the Groups's historic credit losses combined with forward looking information that is expected to affect the loss rates. The Group has no history of significant credit losses on receivables. Due to the substance in and the agreements for Other receivables combined with the historic low credit loss rate, the expected credit loss on rent and services charge receivables is immaterial.

Receivables are written off, when they are assessed as uncollectible.

*Allocation of net trade receivables (not written off) by maturity period are as follows:*

Up to 30 days	33.612.772	17.306.064	12.397.744	2.486.170
Between 31 and 90 days	2.068.401	823.825	1.750.675	630.782
Between 91 and 365 days	2.838.390	2.548.087	2.428.612	2.879.584
<b>Net receivables at 31 December</b>	<b>38.519.564</b>	<b>20.677.976</b>	<b>16.577.031</b>	<b>5.996.536</b>
Other receivables at 31 December	31.055.844	40.787.094	14.655.765	13.180.755
<b>Other receivables net</b>	<b>31.055.844</b>	<b>40.787.094</b>	<b>14.655.765</b>	<b>13.180.755</b>

The Group considers that the carrying amount of trade and other receivables approximate their fair value. There is no concentration of credit risk with respect to specific receivables.

## 16 Prepayment

Prepayments includes consultancy fee in relation to funding of NREP Group managed funds.

# Notes to the Financial Statements

## 17 Share capital

### *Dividends*

The Board of Directors has not proposed dividend for 2019 (2018: DKK 0).

### *Capital management*

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital as defined by management at 31 December 2019 and 2018 consists of total equity of the Group plus net debt of the Group, as shown on the face of the consolidated balance sheet.

### *Treasury shares*

NREP AB holds 4.115 shares through NREP Partner Holding ApS with a total value of DKK 4,899,559.

The share capital has developed as follows:

	<u>2019</u> DKK	<u>2018</u> DKK	<u>2017</u> DKK	<u>2016</u> DKK	<u>2015</u> DKK
Share capital at 1 January	1.000.000	1.000.000	1.000.000	1.000.000	1.000.000
Capital increase	0	0	0	0	0
Capital decrease	0	0	0	0	0
<b>Share capital at 31 December</b>	<b><u>1.000.000</u></b>	<b><u>1.000.000</u></b>	<b><u>1.000.000</u></b>	<b><u>1.000.000</u></b>	<b><u>1.000.000</u></b>

# Notes to the Financial Statements

## 18 Credit institutions

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
<b>Credit institutions</b>				
After 5 years	0	0	0	0
Between 1 and 5 years	0	0	0	0
Long-term part	0	0	0	0
Other short-term debt to credit institutions	47.739.177	27.779.654	47.658.935	27.716.524
Short-term part	47.739.177	27.779.654	47.658.935	27.716.524
<b>Carrying amount at 31 December</b>	<b>47.739.177</b>	<b>27.779.654</b>	<b>47.658.935</b>	<b>27.716.524</b>
<b>Other payables</b>				
After 5 years	0	4.150.604	0	0
Between 1 and 5 years	17.228.454	15.307.258	3.745.817	0
Long-term part	17.228.454	19.457.862	3.745.817	0
Within 1 year	0	0	0	0
Other short-term payables	81.424.453	45.969.142	25.921.679	13.952.605
Short-term part	81.424.453	45.969.142	25.921.679	13.952.605
<b>Carrying amount at 31 December</b>	<b>98.652.907</b>	<b>65.427.004</b>	<b>29.667.496</b>	<b>13.952.605</b>

# Notes to the Financial Statements

	<b>Group</b>	
	2019	2018
	DKK	DKK
<b>19 Cash flow statement - adjustments</b>		
Financial income	-10.420.434	-8.725.190
Financial expenses	7.925.772	11.720.931
Depreciation, amortisation and impairment losses, including losses and gains on sales	34.166.360	2.294.516
Income from Investments in associates	3.871.837	2.867.441
Income from investments in NREP managed funds	-46.215.659	-1.737.713
Income from investments in associates related to NREP managed funds	-16.803.919	-9.625.237
Net gain/Loss fair value adjustments on investments	0	-410.361
Tax on profit/loss for the year	-3.101.234	8.810.319
	<b>-30.577.278</b>	<b>5.194.706</b>

## 20 Cash flow statement - change in working capital

Change in receivables	-3.860.759	-21.124.138
Change in trade payables, etc	27.913.509	4.308.957
	<b>24.052.750</b>	<b>-16.815.181</b>

# Notes to the Financial Statements

2019

DKK

## 21 Changes in liabilities arising from financing activities

Group	Beginning of year	Cash flows	Non-cash changes	End of year
Non-current borrowings	0	0	0	0
Non-current borrowings - disclosed as liabilities associated with asset held for sale / distribution	13.423.511	-13.423.511	0	0
Current borrowings	27.779.652	19.959.523	0	47.739.175
Current borrowings - disclosed as liabilities associated with assets held for sale / distribution	790.977	-790.977	0	0
Payables to group enterprises	547.404	-746.493	199.089	0
Financial lease	0	-11.010.309	68.143.564	57.133.255
	<b>42.541.544</b>	<b>-6.011.767</b>	<b>68.342.653</b>	<b>104.872.430</b>

2018

DKK

## Changes in liabilities arising from financing activities

Group	Beginning of year	Cash flows	Non-cash changes	End of year
Non-current borrowings	14.213.350	-14.213.350	0	0
Non-current borrowings - disclosed as liabilities to held for sale	0	13.423.511	0	13.423.511
Current borrowings	16.827.241	10.952.413	0	27.779.654
Current borrowings - disclosed as liabilities to held for sale	0	790.977	0	790.977
Payables to group enterprises	186.621	360.783	0	547.404
	<b>31.227.212</b>	<b>11.314.334</b>	<b>0</b>	<b>42.541.546</b>

Penneo dokumentnøgle: 4ZNLW-UMNMP-B1K2V-AE46F-U7V03-G4DBC

# Notes to the Financial Statements

<b>Group</b>	
2019	2018
DKK	DKK

## 22 Related parties

### Transactions

The following transactions were carried through with related parties:

#### Transaction with TBL Holding ApS:

Other expenses	-410.810	0
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#### Transactions with other related parties:

Loans granted/received	0	2.000.000
Loans repaid	0	-2.000.000
Interest received	0	9.969
Interest paid	0	0
Other expenses	-3.432.383	-1.504.113

As regards to the Key Management Compensation reference is made to note 6 staff expenses.

### Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

TBL Holding ApS, Southamptongade 4, 2150 Nordhavn  
NREP Partner Holding ApS, Southamptongade 4, 2150 Nordhavn  
NREP Partners Investment ApS, Southamptongade 4, 2150 Nordhavn

The Company's ultimate parent, TBL Holding ApS, prepares consolidated Financial Statements.

# Notes to the Financial Statements

Group		Parent	
2019	2018	2019	2018
DKK	DKK	DKK	DKK

## 23 Contingent assets, liabilities and other financial obligations

### Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount of:	0	14.446.024	0	0
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### Rental and lease obligations

Operating lease commitments regarding offices	0	22.820.833	0	0
Operating lease commitments regarding property, plant and equipment	0	3.172.055	0	0
<b>Total operating lease commitments</b>	<b>0</b>	<b>25.992.888</b>	<b>0</b>	<b>0</b>

*Lease obligations under operating leases. Total future lease payments:*

Within 1 year	0	4.020.596	0	0
Between 1 and 5 years	0	12.063.164	0	0
After 5 years	0	9.909.128	0	0
<b>Total</b>	<b>0</b>	<b>25.992.888</b>	<b>0</b>	<b>0</b>

### Other contingent liabilities

#### Parent

The parent company has issued a letter of financial support to UMEUS Manco ApS and issued a guarantee for the subsidiaries, as security toward the bank for the subsidiary's bank exposure.

The parent company has issued a guarantee for the office building.

The parent company has given cross-borders guarantees to the credit institutions which amount to DKK 1,123,076 (SEK 1,569,200).

#### Group

The Group companies are jointly and separately liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of TBL Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Group have entered into binding commitments to add further capital DKK 523,005 (EUR 70,000) to the Group's investments in NREP Investco 44 AB, NREP Investco 52 AS and NREP NSF III InvestCo 94 AS according to investment agreements.

The Group has issued a claw-back guarantee for the carry in funds.

# Notes to the Financial Statements

## 24 Events after the balance sheet date

The outbreak of Covid-19 and the actions taken by governments across the world to mitigate the effects, will have a great impact on the global economy. Management considers the implications of Covid-19 as a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the company.

This means that the valuation of the company's investments and other assets at 31 December 2019 is based on assumptions which may differ from Management expectations at the time of adoption of the Annual Report.

Currently, it is not possible to assess the effect of Covid-19 on the 2020 Financial Statements.



# Notes to the Financial Statements

## 25 Financial instruments

	<b>Parent</b>			
	2019 DKK	2019 DKK	2018 DKK	2018 DKK
	Carrying amount	Fair value	Carrying amount	Fair value
<i>Loans and receivables at amortised cost</i>				
Trade receivables	16.577.031	16.577.031	5.996.536	5.996.536
Other receivables	14.655.765	14.655.765	13.180.755	13.180.755
Receivables from group enterprises	55.337.177	55.337.177	23.415.089	23.415.089
Cash and cash equivalents	9.237.743	9.237.743	4.262.326	4.262.326
<i>Financial assets at fair value through profit/loss</i>				
Other investments	14.440.568	14.440.568	13.801.096	13.801.096
<b>Financial assets</b>	<b>110.248.284</b>	<b>110.248.282</b>	<b>60.655.802</b>	<b>60.655.802</b>
<i>Carried at amortised cost</i>				
Credit institutions	-47.658.935	-47.658.935	-27.716.524	-27.716.524
Trade payables	-3.520.228	-3.520.228	-7.656.121	-7.656.121
Other payables	-26.375.357	-26.375.357	-13.952.605	-13.952.605
Payables to group enterprises	-39.840.100	-39.840.100	-13.631.128	-13.631.128
<b>Financial liabilities</b>	<b>-117.394.621</b>	<b>-117.394.621</b>	<b>-62.956.378</b>	<b>-62.956.378</b>

# Notes to the Financial Statements

## 26 Accounting Policies

The financial statements of the Group for 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in EU and additional Danish disclosure requirements.

The financial statements of the Parent company have been prepared in accordance with the Danish Financial Statements Act applying to enterprises of reporting class C.

The Group and Parent Company Financial Statements for 2019 are presented in DKK.

### New IFRS standards and interpretations

The Group has adopted the following new or amended standards and interpretations effective 1 January 2019:

Standard/ Interpretation	Content	Applicable for financial years beginning on/after
IFRS 16	Leases	January 1, 2019
Amendment to IAS 28	Long-term interests in Associates and Joint Ventures	January 1, 2019
IFRIC23	Uncertainty over Income Tax Treatments	January 1, 2019

### IFRS 16 - Leases

The Group has adopted IFRS 16 Leases (the Standard) retrospectively from 1 January 2019 but has not restated comparative reporting periods as permitted under the specific transition provisions in the standard. In accordance with the transition provisions in IFRS 16, the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard recognized on 1 January 2019.

On adoption of IFRS 16, NREP recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019 of appr. 1%.

The difference between operating lease commitments disclosed applying IAS 17 as of 31 December 2018 and the lease liabilities recognized in the statement of financial position at 1 January 2019 is reconciled as follows:

	<b>2019</b>
	DKK
<b>Operating lease commitments disclosed as at 31 December 2018</b>	
Operating lease commitments disclosed as at 31 December 2018	25.992.888
Discounting effect	-257.355
<b>Lease liability recognised as at 1 January 2019</b>	<b>25.735.532</b>
Of which are:	
Current lease liabilities	3.541.299
Non-current liabilities	22.194.234
	<b>25.735.533</b>

# Notes to the Financial Statements

## 26 Accounting Policies (continued)

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of accrued lease payments relating to the leases recognized in the balance sheet as at 31 December 2018. On 1 January 2019, property, plant and equipment increased by DKK 25,735k (representing the right-of-use assets), lease liabilities (including both long- and short-term portions) increased by DKK 25,735k. The net impact on retained earnings on 1 January 2019 was zero.

### IAS 28 Amendment - Long-term Interests in Associates & Joint Ventures

The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 Financial Instruments before applying the loss allocation and impairment requirements in IAS 28 Investments in Associates and Joint Ventures. The implementation of the amendment on IAS 28 has not had a material impact on the Group.

### IFRIC 23 - Uncertainty over Income Tax Treatments

Uncertainty over income tax treatments. The implementation of IFRIC 23 has not had a material impact on the Group.

*New IFRS standards and Interpretations relevant to the NREP A/S Group, for coming years (not yet effective).*

Standard/ Interpretation	Content	Applicable for financial years beginning on/after
Amendment to IFRS 3	Definition of a Business	January 1, 2020
Amendments to IAS 1 and IAS 8	Definition of Material	January 1, 2020

Management has assessed the impact of the new and revised accounting standards, interpretations or amendments on the Group that are currently endorsed but not yet effective. They are not expected to have material impact on the Group in the current or future reporting periods and foreseeable future transactions.

### Adjustments for previous years

When recognizing investments in previous years some other financial assets were not recognized at fair value. The adjustments has increased equity at 1 January 2018 with DKK 36,090k and Non-controlling interests with DKK 20,527k and profit before tax for 2018 with DKK 11,277k.

### Basis of consolidation

The consolidated financial statements include the accounts of NREP A/S and all subsidiaries controlled by NREP A/S. Control is assumed when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to NREP A/S. They are deconsolidated from the date that control ceases. In assessing control, potential voting rights that are substantive, are taken into account.

# Notes to the Financial Statements

## 26 Accounting Policies (continued)

Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

### Business combinations

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

# Notes to the Financial Statements

## 26 Accounting Policies (continued)

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of NREP A/S.

### Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

### Translation policies

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in DKK, which is NREP A/S functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

# Notes to the Financial Statements

## 26 Accounting Policies (continued)

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions),
- and all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

## Income Statement

### Revenue

Revenue consists of Management fee from investment funds managed by the company and fee for other services. Management is recognised as income as earned in accordance with agreements, typically on a time proportionate basis.

### Income from investments in NREP managed funds

Fair value changes and dividend income from investments in NREP managed funds are presented as a single amount in the line item "Income from investments in NREP managed funds". If the investments are held by associated companies, the investments in NREP managed funds are presented as part of the result of associated companies.

### Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

### Financial income and expenses

Financial income and expenses comprises interest income and expense determined on an amortised cost basis and exchange rate adjustments.

# Notes to the Financial Statements

## 26 Accounting Policies (continued)

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

## Balance Sheet

### Intangible assets

#### *Software and development projects*

Software investments are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Software licences are amortised over the period of the agreement, which is 10 years.

Development projects are measured at cost less accumulated amortisation or recoverable amount if the amount is less.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Land and buildings	50 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-20 years

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, the asset is written down to its lower recoverable amount.

# Notes to the Financial Statements

## 26 Accounting Policies (continued)

### Leases

In the balance sheet, leases are recognised at present value of the right of use received and liabilities for the payment obligations entered into for all leases in the balance sheet.

Lease payments are discounted at the implicit interest rate underlying the lease to the extent that this can be determined. Otherwise, discounting is at the incremental borrowing rate.

Right-of-use assets are measured at cost, which comprises the following:

- lease liability;
- lease payments made at or prior to delivery, less lease incentives received;
- initial direct costs and
- restoration obligations.

Right-of-use assets are depreciated over the term of the lease using the straightline method, normally a depreciation period of 1 - 30 years.

The Company has used the relief options provided for leases of low-value assets and short-term leases (shorter than twelve months) and expense the payments in the income statement according to the straight-line method.

Extension and termination options exist for a number of leases, particularly for real estate. Such contract terms offer the Company the greatest possible flexibility in doing business. In determining lease terms, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into account. Changes due to the exercise or non-exercise of such options are considered in determining the lease term only if they are sufficiently probable.

### Investments in associates

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### Other financial assets

Other financial assets consist of long term loans to affiliated companies, and investments in unlisted equity instruments. Long-term loans are measured at amortised cost, and investments in unlisted equity instruments are measured at fair value through profit or loss.

### Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.



# Notes to the Financial Statements

## 26 Accounting Policies (continued)

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### **Equity**

#### ***Share capital***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deductions, net of tax, from the proceeds.

#### ***Dividend distribution***

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

#### ***Treasury shares***

Treasury shares are deducted from equity and no gain or loss are recognised on the purchase, sale, issue or cancellation of such shares.

Treasury shares are presented in 'other equity'/disclosed as a separate line item in the balance sheet/ deducted from retained earnings/ presented in a specific reserve.

Where any group company purchases the company's equity instruments, the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the owners of the parent company. The Group's share of equity instruments of the Group held by associates are treated as own equity instruments. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the owners of the parent company.

### **Deferred tax assets and liabilities**

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

# Notes to the Financial Statements

## 26 Accounting Policies (continued)

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

### Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

# Notes to the Financial Statements

## 26 Accounting Policies (continued)

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

### Accounting policies for the Parent Company

The accounting policies of the Parent Company are the same as for the Group except as described below: The income statement is presented according to the nature of expenses. To obtain a true and fair view of the investment management activities of company, fair value changes and dividend from entities holding investments in the funds managed by NREP is presented as a separate line item within profit before financial items. Previously such shares were measured at cost and no fair value changes were reported. Further, income from associates holding such investments is presented as a separate item within profit before financial items.

The balance sheet is presented in a current/non current order.

### Investments in subsidiaries and associates

Investments in subsidiaries are accounted for under the equity method. Undistributed reserves in subsidiaries are recognised in a separate reserve within equity.

Investments in associates are measured at cost.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0 and it is assess whether receivables should be considered uncollectible. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### Cash Flow Statement

With reference to section 86 paragraph 4 of the Danish Financial Statements Act, no Cash Flow Statement for the Parent Company are prepared.

## Notes to the Financial Statements

### 26 Accounting Policies (continued)

#### Financial Highlights

##### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

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## Mikkel Bülow-Lehnsby

### Bestyrelsesmedlem

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NEM ID 

## Claus Schei Mathisen

### Direktør

På vegne af: NREP A/S

Serienummer: PID:9208-2002-2-911605810207

IP: 31.31.xxx.xxx

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NEM ID 

## Claus Schei Mathisen

### Bestyrelsesmedlem

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Serienummer: PID:9208-2002-2-911605810207

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## Rasmus Nørgaard

### Bestyrelsesmedlem

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## Thomas Wraae Holm

### Statsautoriseret revisor

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## Jacob Fromm Christiansen

### Statsautoriseret revisor

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## Rasmus Nørgaard

### Dirigent

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