

K/S Meadow Way

c/o Advodan I/S, Kanalstræde 10
4300 Holbæk
Central Business Registration No
29169705

Annual report 2016

The Annual General Meeting adopted the annual report on 29.05.2017

Chairman of the General Meeting

Name: Peter Møgelberg Hansen

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Entity details

Entity

K/S Meadow Way
c/o Advodan I/S, Kanalstræde 10
4300 Holbæk

Central Business Registration No: 29169705

Registered in: Holbæk

Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Peter Møgelberg Hansen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Ndr. Ringgade 70A
4200 Slagelse

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of K/S Meadow Way for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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

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

Holbæk, 29.05.2017

Board of Directors

Peter Møgelberg Hansen

Independent auditor's reports

To the shareholders of K/S Meadow Way

Report on extended review of the financial statements

We have performed an extended review of the financial statements of K/S Meadow Way for the financial year 01.01.2016 - 31.12.2016. The financial statements, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes, are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Conclusion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's assets, liabilities and financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

Independent auditor's reports

In connection with our extended review of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Slagelse, 29.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Anders Søding Paulsen

State Authorised Public Accountant

Management commentary

Primary activities

The Entity's primary activities consist of renting out the property located at Wellmeadow Lodge, Meadow Way, Crookfur, Glasgow G77 6XJ, Scotland.

Development in activities and finances

The Entity's net profit is DKK 25k before fair value adjustment etc.

Adjustment of property and debt at fair value is a net income of DKK 739k. The rent will be adjusted in accordance with the development of price index, however a maximum of 4.0% per year.

Net profit for the year is DKK 765k. The Entity's equity is DKK 9,043k at 31 December 2016

Events after the balance sheet date

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

Income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Revenue		5.635.490	6.175
Fair value adjustments of investment property		(11.570.815)	6.161
Fair value adjustments of debt		12.309.679	(4.784)
Other external expenses		<u>(163.203)</u>	<u>(73)</u>
Operating profit/loss		6.211.151	7.479
Other financial income	1	5.290	145
Other financial expenses	2	<u>(5.451.838)</u>	<u>(5.508)</u>
Profit/loss for the year		<u>764.603</u>	<u>2.116</u>
Proposed distribution of profit/loss			
Retained earnings		<u>764.603</u>	<u>2.116</u>
		<u>764.603</u>	<u>2.116</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Investment property		<u>82.924.113</u>	<u>94.495</u>
Property, plant and equipment	3	<u>82.924.113</u>	<u>94.495</u>
 Fixed assets		 <u>82.924.113</u>	 <u>94.495</u>
 Other receivables		 <u>11.391</u>	 <u>16</u>
Receivables		<u>11.391</u>	<u>16</u>
 Cash		 <u>3.226.990</u>	 <u>3.741</u>
 Current assets		 <u>3.238.381</u>	 <u>3.757</u>
 Assets		 <u>86.162.494</u>	 <u>98.252</u>

Balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK'000
Contributed capital	4	100.000	1.445
Retained earnings		8.942.570	8.178
Equity		9.042.570	9.623
Mortgage debts		74.814.451	87.124
Payables to group enterprises		1.860.433	991
Non-current liabilities other than provisions	5	76.674.884	88.115
Payables to associates		162.950	152
Other payables	6	282.090	362
Current liabilities other than provisions		445.040	514
Liabilities other than provisions		77.119.924	88.629
Equity and liabilities		86.162.494	98.252
Mortgages and securities	7		

Statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1.446.860	8.177.967	9.624.827
Decrease of capital	(1.346.860)	0	(1.346.860)
Profit/loss for the year	0	764.603	764.603
Equity end of year	100.000	8.942.570	9.042.570

Notes

	2016	2015
	DKK	DKK'000
1. Other financial income		
Interest income	5.290	0
Exchange rate adjustments	0	145
	5.290	145
	2016	2015
	DKK	DKK'000
2. Other financial expenses		
Financial expenses from group enterprises	92.211	77
Financial expenses from associates	7.581	7
Interest expenses	4.836.776	5.424
Exchange rate adjustments	515.270	0
	5.451.838	5.508

Notes

	Investment property DKK
3. Property, plant and equipment	
Cost beginning of year	145.376.084
Cost end of year	145.376.084
Revaluations beginning of year	(50.881.156)
Revaluations for the year	(11.570.815)
Revaluations end of year	(62.451.971)
Carrying amount end of year	82.924.113

The investment of the Entity is recognised in the annual report at market value according to a yield based valuation model. The property is leased to one tenant on a very long tenure (until September 2035) and with an obligation for the tenant to incur all expenses regarding the property throughout the tenure. Thus, the property generates a very steady and predictable operating return. Therefore, a yield based valuation model is preferable. The property is recognised at a valuation of DKK 82,924k at 31.12.2016 according to the management's valuation model using a yield of 6.5%

	Number	Par value DKK	Nominal value DKK
4. Contributed capital			
Ordinary shares	100	1000	100.000
	100		100.000

	2016 DKK	2015 DKK	2014 DKK	2013 DKK	2012 DKK
Changes in contributed Capital					
Contributed capital beginning of year	1.444.952	956.626	500.000	660	660
Increase of capital	0	485.326	459.626	499.340	0
Decrease of capital	-1.344.952	0	0	0	0
Contributed capital end of year	100.000	1.444.952	956.626	500.000	660

Notes

The Entity's share capital amounts to DKK 100k. DKK 100k has been paid in cash to the Entity.

	Outstanding after 5 years DKK
5. Liabilities other than provisions	
Mortgage debts	<u>74.814.451</u>
	<u>74.814.451</u>

The Entity's debt to mortgage lender is based on a fixed term and interest rates and tenure until 31 July 2024. Prepayments of the mortgage debt are subject to fixed rate breakage costs.

	2016 DKK	2015 DKK'000
6. Other payables		
Accrued interests	238.340	277
Other costs payable	<u>43.750</u>	<u>85</u>
	<u>282.090</u>	<u>362</u>

Notes

7. Mortgages and securities

The Entity has entered into a loan agreement with Bank of Ireland together with K/S Hardy Avenue, K/S Crane Lane and K/S Meadow Way. The loan is secured through legal charge of the entities' property and rental income. The book value of the mortgaged property is DKK 82,924k. Furthermore, the Entity's cash assets have been pledged in favor of the bank. The pledged accounts comprise DKK 3,227k.

Accounting policies

Reporting class

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

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

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

Income statement

Revenue

Rental income is recognised in the income statement for the period to which the income relates.

Fair value adjustments of investment property

Fair value adjustment of investment property comprises adjustments for the financial year of the Entity's investment properties measured at fair value at the balance sheet date.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities.

Other financial income

Accounting policies

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

Other financial expenses

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

Balance sheet

Investment property

On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date. Fair value is determined by applying the return-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required rate of return that reflects current market required rates of return for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

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

Receivables

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

Cash

Cash comprises cash in hand and bank deposits.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities

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