

Nordisk Ejendomsholding A/S

Fridtjof Nansens Plads 5, 2100 København Ø

CVR no. 33 38 89 34



Annual report 2016

Approved at the annual general meeting of shareholders on 9 May 2017

Chairman:



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Nordisk Ejendomsholding A/S for the financial year 1 January - 31 December 2016.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

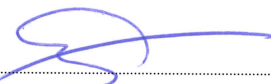
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 9 May 2017
Executive Board:


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Mette Krog Hansen

Board of Directors:


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Robert McCorduck
Chairman
.....
Mette Krog Hansen
.....
Katarzyna Jolanta
Ciesielska

Independent auditors' report

To the shareholders of Nordisk Ejendomsholding A/S

Opinion

We have audited the financial statements of Nordisk Ejendomsholding A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 the 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 override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditors' report

- ▶ 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 conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Odense, 9 May 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Morten Schougaard Sørensen
State Authorised Public Accountant



Management's review

Company details

Name	Nordisk Ejendomsholding A/S
Address, Postal code, City	Fridtjof Nansens Plads 5, 2100 København Ø
CVR no.	33 38 89 34
Established	1 January 2011
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	Robert McCorduck, Chairman Mette Krog Hansen Katarzyna Jolanta Ciesielska
Executive Board	Mette Krog Hansen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark



Management's review

Management commentary

Business review

The principal activities of the company are to act as holding company, to perform investments and investment management, and other related activities.

Financial review

The income statement for 2016 shows a loss of DKK 884,559 against a loss of DKK 6,745,281 last year, and the balance sheet at 31 December 2016 shows an equity of DKK 204,414,112.

Management considers the Company's financial performance in the year satisfactory.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end 2016.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Gross margin	-2,065,319	-1,247,707
	Amortisation/depreciation and impairment of property, plant and equipment	-332,819	-328,325
	Profit/loss before net financials	-2,398,138	-1,576,032
	Income from investments in group entities	1,548,581	-4,865,811
2	Financial income	752,094	617,650
3	Financial expenses	-1,501,046	-1,312,326
	Profit/loss before tax	-1,598,509	-7,136,519
4	Tax for the year	713,950	391,238
	Profit/loss for the year	<u>-884,559</u>	<u>-6,745,281</u>
	 Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	<u>-884,559</u>	<u>-6,745,281</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2016</u>	<u>2015</u>
	ASSETS		
	Fixed assets		
5	Property, plant and equipment		
	Land and buildings	17,660,178	17,992,997
		<u>17,660,178</u>	<u>17,992,997</u>
6	Investments		
	Investments in group entities	199,845,748	198,297,167
		<u>199,845,748</u>	<u>198,297,167</u>
	Total fixed assets	<u>217,505,926</u>	<u>216,290,164</u>
	Non-fixed assets		
	Receivables		
	Receivables from group entities	14,172,892	15,161,873
	Deferred tax assets	782,453	406,745
	Joint taxation contribution receivable	8,237	0
		<u>14,963,582</u>	<u>15,568,618</u>
	Cash	<u>1,669,624</u>	<u>1,760,369</u>
	Total non-fixed assets	<u>16,633,206</u>	<u>17,328,987</u>
	TOTAL ASSETS	<u><u>234,139,132</u></u>	<u><u>233,619,151</u></u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2016</u>	<u>2015</u>
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	11,000,000	11,000,000
	Retained earnings	193,414,112	194,298,671
	Dividend proposed for the year	0	0
	Total equity	<u>204,414,112</u>	<u>205,298,671</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Payables to group entities	29,520,770	28,088,480
	Other payables	204,250	232,000
		<u>29,725,020</u>	<u>28,320,480</u>
	Total liabilities other than provisions	<u>29,725,020</u>	<u>28,320,480</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>234,139,132</u></u>	<u><u>233,619,151</u></u>

- 1 Accounting policies
- 8 Contractual obligations and contingencies, etc.
- 9 Collateral

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2015	11,000,000	201,043,952	9,351,000	221,394,952
Profit/loss for the year	0	-6,745,281	0	-6,745,281
Dividend distributed	0	0	-9,351,000	-9,351,000
Equity at 1 January 2016	11,000,000	194,298,671	0	205,298,671
Profit/loss for the year	0	-884,559	0	-884,559
Equity at 31 December 2016	11,000,000	193,414,112	0	204,414,112

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Nordisk Ejendomsholding A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act to report reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Changes in accounting policies

Effective 1 January 2016, the Company has adopted act no. 738 of 1 July 2015. This implies changes in the recognition and measurement in the following areas:

Yearly reassessment of residual values of property, plant and equipment.

In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

None of the above changes impacts on the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above new and changed presentation and disclosure requirements, which follow from act. no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Income statement

Revenue

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration etc.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings 50 years

Land is not depreciated.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income from investments in group entities

The item includes the Company's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its group entities are jointly taxed. The income tax charge is allocated between profit making and loss making Danish entities in proportion to their taxable income).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in subsidiaries

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Subsidiaries with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the entity's deficit. Net revaluations of investments in subsidiaries are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. In connection with the acquisition, a provision is made for expenses related to adopted plans to restructure the acquired entity. The tax effect of revaluations made is taken into account.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of non-current assets

Property, plant and equipment are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there are indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

	<u>2016</u>	<u>2015</u>
2 Financial income		
Interest, receivable group entities	752,094	617,650
	<u>752,094</u>	<u>617,650</u>
3 Financial expenses		
Interest expenses, group entities	1,499,551	1,220,000
Other interest expenses	1,495	92,326
	<u>1,501,046</u>	<u>1,312,326</u>
4 Tax for the year		
Deferred tax adjustments in the year	-375,708	-388,883
Refund in joint taxation	-338,242	-2,355
	<u>-713,950</u>	<u>-391,238</u>
5 Property, plant and equipment		
		<u>Land and buildings</u>
DKK		
Cost at 1 January 2016		18,402,514
Additions in the year		0
Disposals in the year		0
Cost at 31 December 2016		<u>18,402,514</u>
Impairment losses and depreciation at 1 January 2016		409,517
Amortisation/depreciation in the year		332,819
Impairment losses and depreciation at 31 December 2016		<u>742,336</u>
Carrying amount at 31 December 2016		<u>17,660,178</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

6 Investments

DKK	<u>Investments in group entities</u>
Cost at 1 January 2016	256,257,000
Additions in the year	0
Disposals in the year	0
Cost at 31 December 2016	<u>256,257,000</u>
Value adjustments at 1 January 2016	-57,959,833
Share of the profit/loss for the year	1,548,581
Value adjustments at 31 December 2016	<u>-56,411,252</u>
Carrying amount at 31 December 2016	<u>199,845,748</u>

DKK	<u>Domicile</u>	<u>Interest</u>	<u>Equity</u>	<u>Profit/loss</u>
Subsidiaries				
GR RD 1 ApS	Copenhagen	100.00 %	23,967,763	-1,680,453
GR RD 2 ApS	Copenhagen	100.00 %	20,276,752	291,476
GR HB ApS	Copenhagen	100.00 %	76,206,363	2,959,208
GR BRF ApS	Copenhagen	100.00 %	79,394,870	-21,650

DKK	<u>2016</u>	<u>2015</u>
7 Share capital		
Analysis of the share capital:		
1,100 A- shares of DKK 1,000.00 nominal value each	1,100,000	1,100,000
9,900 B- shares of DKK 1,000.00 nominal value each	9,900,000	9,900,000
	<u>11,000,000</u>	<u>11,000,000</u>

Analysis of changes in the share capital over the past 5 years:

DKK	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Opening balance	11,000,000	11,000,000	500,000	500,000	500,000
Capital increase	0	0	10,500,000	500,000	500,000
	<u>11,000,000</u>	<u>11,000,000</u>	<u>11,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

8 Contractual obligations and contingencies, etc.

Other contingent liabilities

Guarantee has been provided in respect of bank commitments in a subsidiary. The total debt to banks and mortgage debt in this company is DKK 28,572 thousand.

The company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed group entities for payment income taxes for the income year as well as withholding taxes on interest and dividends.

9 Collateral

The Company has placed land and buildings with a carrying amount of DKK 17,660 thousand as security for payables to group companies at 31 December 2016.

Letter of indemnity totalling DKK 31,000 thousand are held by the Company.