DK RESI PROPCO RANTZAUSGADE 45 - 47 APS

C/O 360 NORTH PROPERTY MANAGEMENT APS., GÖTEBORG PLADS 1, 9., 2150 NORDHAVN

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2018

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 20 May 2019

Birgitte Gurli Aaslyng

CVR NO. 34 89 99 24

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COMPANY DETAILS

Company	DK RESI PROPCO RANTZAUSGADE 45 - 47 ApS c/o 360 North Property Management ApS. Göteborg Plads 1, 9. 2150 Nordhavn
	CVR No.: 34 89 99 24 Established: 28 December 2012 Registered Office: Copenhagen Financial Year: 1 January - 31 December
Board of Executives	Donatella Fanti Solveig Diana Hoffmann Birgitte Gurli Aaslyng
Auditor	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 Copenhagen

STATEMENT BY BOARD OF EXECUTIVES

Today the Board of Executives have discussed and approved the Annual Report of DK RESI PROPCO RANTZAUSGADE 45 - 47 ApS for the financial year 1 January - 31 December 2018.

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 Company's financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the general meeting to opt out of audit for the annual report for 1 January - 31 December 2019. The board of executives consider the conditions for opting out of audit to be fulfilled.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 20 May 2019

Board of Executives

Donatella Fanti	Solveig Diana Hoffmann	Birgitte Gurli Aaslyng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of DK RESI PROPCO RANTZAUSGADE 45 - 47 ApS

Opinion

We have audited the financial statements of DK Resi Propco RANTZAUSGADE 45 - 47 ApS for the financial year 01.01.2018 – 31.12.2018, which comprise the 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 Entity’s financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 – 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor’s report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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 Entity’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism 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 Entity’s internal control.

INDEPENDENT AUDITOR'S REPORT

- 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 Entity’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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary
Management is responsible for 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.

In connection with our audit 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 audit 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.

Copenhagen, 20 May 2019

Deloitte Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Lars Andersen
State Authorised Public Accountant
MNE no. mne34506

MANAGEMENT'S REVIEW

Principal activities
The objects of the company are acquisition, sale and letting out of real property.

Exceptional matters
The company has changed its accounting policies during the financial year and it now recognises investment properties at cost less accumulated depreciation while the properties were earlier recognised at fair market value.

The new policy provides current systematic depreciation over the property’s useful life instead of the earlier current value adjustments to fair market value. The comparative figures for last year are changed in accordance with the new policy.

Reference is made to the description under accounting policies, including the description of the impact of the change of policy on the annual report.

Significant events after the end of the financial year
No events have occurred after the end of the financial year of material importance for the company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2018 DKK	2017 DKK
GROSS LOSS		**-174,885**	**716,242**
Depreciation, amortisation and impairment		-211,157	-205,641
OPERATING LOSS		**-386,042**	**510,601**
Other financial income	1	247,750	99,749
Other financial expenses	2	-315,778	-238,579
LOSS BEFORE TAX		**-454,070**	**371,771**
Tax on profit/loss for the year	3	26,565	-42,567
LOSS FOR THE YEAR		**-427,505**	**329,204**

PROPOSED DISTRIBUTION OF DIVIDEND

Retained earnings		-427,505	329,204
TOTAL		**-427,505**	**329,204**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2018 DKK	2017 DKK
Land and buildings		14,223,314	14,066,782
Tangible fixed assets	4	**14,223,314**	**14,066,782**
FIXED ASSETS		**14,223,314**	**14,066,782**
Trade receivables		40,754	5,247
Receivables from group enterprises		10,804,705	0
Other receivables		1,421,882	1,337,041
Prepayments and accrued income		0	1,384
Receivables		**12,267,341**	**1,343,672**
Cash and cash equivalents		**2,158,146**	**3,819,519**
CURRENT ASSETS		**14,425,487**	**5,163,191**
ASSETS		**28,648,801**	**19,229,973**

EQUITY AND LIABILITIES	Note	2018 DKK	2017 DKK
Share capital		300,000	300,000
Retained profit		3,081,919	3,509,424
EQUITY	5	**3,381,919**	**3,809,424**
Provision for deferred tax		1,513,351	1,610,142
PROVISION FOR LIABILITIES		**1,513,351**	**1,610,142**
Mortgage debt		1,639,941	5,951,298
Bank loan		20,633,235	0
Long-term liabilities	6	**22,273,176**	**5,951,298**
Short-term portion of long-term liabilities	6	154,000	294,600
Prepayments received from customers		533,693	535,292
Trade payables		227,034	28,286
Payables to group enterprises		0	6,654,461
Other liabilities		565,628	346,470
Current liabilities		**1,480,355**	**7,859,109**
LIABILITIES		**23,753,531**	**13,810,407**
EQUITY AND LIABILITIES		**28,648,801**	**19,229,973**

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	2018 DKK	2017 DKK	Note
Other financial income			1
Group enterprises	96,350	8	
Other interest income	151,400	0	
	247,750	**8**	
Other financial expenses			2
Group enterprises	0	8,905	
Other interest expenses	315,778	342,738	
	315,778	**351,643**	
Tax on profit/loss for the year			3
Calculated tax on taxable income of the year	70,226	71,808	
Adjustment of deferred tax	-96,791	-29,241	
	-26,565	**42,567**	

Tangible fixed assets 4

	Land and buildings
Cost at 1 January 2018	15,253,304
Additions	367,689
Cost at 31 December 2018	**15,620,993**
Depreciation and impairment losses at 1 January 2018	1,186,522
Depreciation for the year	211,157
Depreciation and impairment losses at 31 December 2018	**1,397,679**
Carrying amount at 31 December 2018	**14,223,314**

Equity 5

	Share capital	Retained profit	Total
Equity at 1 January 2018	300,000	8,951,018	9,251,018
Change of equity due to change of policy		-5,441,594	-5,441,594
Adjusted equity at 1 January 2018	**300,000**	**3,509,424**	**3,809,424**
Proposed distribution of profit		-427,505	-427,505
Equity at 31 December 2018	**300,000**	**3,081,919**	**3,381,919**

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Long-term liabilities 6

	1/1 2018 total liabilities	31/12 2018 total liabilities	Repayment next year	Debt outstanding after 5 years
Mortgage debt	6,245,898	1,793,941	154,000	900,000
Bank loan	0	20,633,235	0	0
	6,245,898	**22,427,176**	**154,000**	**900,000**

Contingencies etc. 7

Joint liabilities
The company is jointly and severally liable together with the parent company and the other group companies in the jointly taxed group for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax.

Tax payable of the group's jointly taxed income is stated in the annual report of DK Resi Holdco I ApS, which serves as management company for the joint taxation.

Charges and securities 8

Bank loan and mortgages debt are secured by mortgages in properties, amounting to 22,766,000 DKK

The carrying ammount of mortgaged properties is 14,223,314 DKK

Consolidated financial statements 9

The company is included in the consolidated financial statements of DK Resi Holdco II ApS,c/o 360 North Property Management ApS, Göteborg Plads 1, 9., 2150 Nordhavn.

ACCOUNTING POLICIES

The Annual Report of DK RESI PROPCO RANTZAUSGADE 45 - 47 ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The annual report is prepared consistently with the accounting policies applied last year, except for the following changes:

Change in accounting policies and classification
The accounting policies have been changed in the following areas:

- The company's investment properties were earlier measured at fair market value. The policy is changed and investment properties are now recognised and measured at cost less accumulated depreciation.

  The reason for the change of policy is that the company during the year was acquired by a new group applying this accounting policy.

  The comparative figures relating to the change of policy have been adjusted concerning last year. The change of policy for the comparative figures is recognised directly in equity at beginning of the year, see the equity note.

The comparative figures are changed in the following areas
There is no accumulated effect of the change of policy for 2018. For 2017, the result before tax for the year is changed by DKK ('000) -206 and after tax by DKK ('000) -160, whereas the balance sheet total at beginning of the year is reduced by DKK ('000) 6,976 and equity at 1 January 2018 is reduced by DKK ('000) 5,442. The deferred tax at beginning of the year is changed by DKK ('000) 1,535 as a result of the change of policy.

INCOME STATEMENT

Gross profit or loss
Gross profit or loss comprises revenue and external expenses.

Net revenue
Rental income and expenses have been accrued to cover the period up to the end of the financial year. Payments charged to cover heating are not included in rental income.

Other external expenses
Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Financial income and expenses
Financial income and expenses include interest income and expenses, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Tangible fixed assets
Land and buildings are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

Buildings	50 years	25 %

Estimated useful lives and residual values are reassessed annually.

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Impairment of fixed assets
The carrying amount of tangible assets are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents
Cash comprises bank deposits.

ACCOUNTING POLICIES

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
Amortised cost of current liabilities usually corresponds to nominal value.