

REI Denmark Solvgade A/S

Kristen Bernikows Gade 4, 1. sal., 1105 København K

Annual report

2018

Company reg. no. 36 50 37 50

The annual report was submitted and approved by the general meeting on the

21/5 19



Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of REI Denmark Solvgade A/S for the financial year 1 January to 31 December 2018.

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

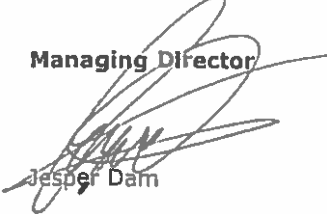
We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

København, 21 May 2019

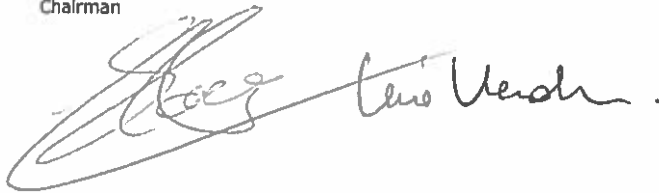
Managing Director



Jesper Dam

Board of directors

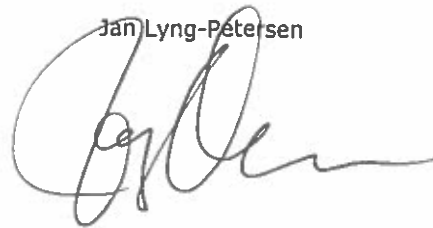
Christophorus J. Hoorenman
Chairman



Line Verroken



Jan Lyng-Petersen





Independent auditor's report

To the shareholders of REI Denmark Solvgade A/S

Opinion

We have audited the financial statements of REI Denmark Solvgade A/S for the financial year 1 January – 31 December 2018, comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibility for the financial statements

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

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



Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view

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



Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 21 May 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in black ink, appearing to read 'Jøttelise Bach', is written over the printed name.

Jøttelise Bach

State Authorised

Public Accountant

MNE no. 19812

Company data

The company

REI Denmark Solvgade A/S
Kristen Bernikows Gade 4, 1. sal.
1105 København K

Company reg. no. 36 50 37 50
Financial year: 1 January - 31 December
4th financial year

Board of directors

Christophorus J. Hoorenman, Chairman
Line Verroken
Jan Lyng-Petersen

Managing Director

Jesper Dam

Auditors

KPMG
Dampfærgevej 28
2100 København Ø

Parent company

REI Denmark Solvgade Holding A/S

Management's review

The principal activities of the company

Like previous years, the principal activities is directly to own, develop and rent real estate as well as directly or indirectly to carry out other activities that the board of directors deem is connected therewith.

Development in activities and financial matters

The net turnover for the year is DKK 40.067.383 against DKK 39.979.525 last year. The results from ordinary activities after tax are DKK 44.519.496 against DKK 38.721.606 last year. The management consider the results satisfactory.

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Net turnover	40.067.383	39.979.525
Other external costs	<u>-14.912.421</u>	<u>-18.450.479</u>
Gross results	25.154.962	21.529.046
Depreciation and writedown relating to tangible fixed assets	-27.141	-26.141
Value adjustment of investment property	<u>37.230.057</u>	<u>34.101.106</u>
Operating profit	62.357.878	55.604.011
1 Other financial costs	<u>-7.695.172</u>	<u>-7.672.421</u>
Results before tax	54.662.706	47.931.590
2 Tax on ordinary results	<u>-10.143.210</u>	<u>-9.209.984</u>
Results for the year	44.519.496	38.721.606
Proposed distribution of the results:		
Dividend for the financial year	18.625.000	18.625.000
Allocated to results brought forward	<u>25.894.496</u>	<u>20.096.606</u>
Distribution in total	44.519.496	38.721.606

Balance sheet 31 December

All amounts in DKK.

Assets	2018	2017
<u>Note</u>	<u>2018</u>	<u>2017</u>
Fixed assets		
3 Other plants, operating assets, and fixtures and furniture	77.408	104.549
4 Investment property	<u>736.100.000</u>	<u>696.300.000</u>
Tangible fixed assets in total	<u>736.177.408</u>	<u>696.404.549</u>
Fixed assets in total	<u>736.177.408</u>	<u>696.404.549</u>
Current assets		
Trade debtors	0	71.500
Other debtors	1.014.636	10.142.940
Accrued income and deferred expenses	<u>129.694</u>	<u>569.195</u>
Debtors in total	<u>1.144.330</u>	<u>10.783.635</u>
Available funds	<u>24.292.323</u>	<u>17.013.088</u>
Current assets in total	<u>25.436.653</u>	<u>27.796.723</u>
Assets in total	<u>761.614.061</u>	<u>724.201.272</u>

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities		
Note	2018	2017
Equity		
5 Contributed capital	20.000.000	20.000.000
6 Results brought forward	53.334.793	27.440.297
Proposed dividend for the financial year	18.625.000	18.625.000
Equity in total	91.959.793	66.065.297
Provisions		
Provisions for deferred tax	19.500.000	8.400.000
Provisions in total	19.500.000	8.400.000
Liabilities		
Deposits	9.256.449	8.995.866
7 Debt to group enterprises	629.054.186	629.029.186
8 Other debts	1.445.649	1.445.649
Long-term liabilities in total	639.756.284	639.470.701
Other debts	10.319.484	10.265.274
Accrued expenses and deferred income	78.500	0
Short-term liabilities in total	10.397.984	10.265.274
Liabilities in total	650.154.268	649.735.975
Equity and liabilities in total	761.614.061	724.201.272
9 Contingencies		
10 Related parties		

Accounting policies used

The annual report for REI Denmark Solvgade A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concern matters existing on the balance sheet date.

The profit and loss account

Net turnover

Rental income comprises income from the lease of property and from charged joint costs, and it is recognised in the profit and loss account for the period relating to the lease payment. Income from the heating account is recognised in the balance sheet as a balance among the lessees.

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Costs concerning investment properties

Costs concerning investment properties comprise operation costs, repair and maintenance costs, taxes, charges and other costs.

Accounting policies used

Value adjustment of investment property

Value adjustment of investment property comprises value adjustments of properties at fair value and gain or loss from disposal of properties.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concern the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Accounting policies used

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Other plants, operating assets, fixtures and furniture 3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Investment property

At the first recognition, investment property is measured at cost, comprising the cost of the property and directly attached costs, if any.

Hereafter, investment properties are measured individually at an estimated fair value. The properties are measured using a return-based model, by which the expected future cash flows for the next year along with a rate of return determined by an external assessor form the basis for the fair value of the properties. Compared to the latest financial year, the method of measurement used remains unchanged.

Costs which add new or improved qualities to an investment property compared to its condition at the time of acquisition and which thereby improves the future return on the property are added to the cost as an improvement. Costs which do not add new or improved qualities to an investment property are recognised in the profit and loss account in the item "Costs concerning investment property".

Like other material fixed assets, except from land, investment property has a limited life financial life. The impairment taking place concurrently with the aging of the investment property is reflected in the current measuring of the investment property at fair value.

Value adjustments are recognised in the profit and loss account in the item "Value adjustments of property".

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Accounting policies used

Available funds

Available funds comprise cash at bank and in hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, REI Denmark Solvgade A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Liabilities relating to investment properties are measured at amortised cost.

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Notes

All amounts in DKK.

	<u>2018</u>	<u>2017</u>
1. Other financial costs		
Financial costs, group enterprises	7.561.262	7.561.262
Other financial costs	<u>133.910</u>	<u>111.159</u>
	<u>7.695.172</u>	<u>7.672.421</u>
2. Tax on ordinary results		
Adjustment for the year of deferred tax	11.100.000	10.200.000
Joint taxation contribution previous years	<u>-956.790</u>	<u>-990.016</u>
	<u>10.143.210</u>	<u>9.209.984</u>
3. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2018	131.690	10.985
Additions during the year	<u>0</u>	<u>120.705</u>
Cost 31 December 2018	<u>131.690</u>	<u>131.690</u>
Amortisation and writedown 1 January 2018	-27.141	-1.000
Depreciation for the year	<u>-27.141</u>	<u>-26.141</u>
Amortisation and writedown 31 December 2018	<u>-54.282</u>	<u>-27.141</u>
Book value 31 December 2018	<u>77.408</u>	<u>104.549</u>
4. Investment property		
Cost 1 January 2018	648.962.102	647.863.208
Additions during the year	<u>2.569.943</u>	<u>1.098.894</u>
Cost 31 December 2018	<u>651.532.045</u>	<u>648.962.102</u>
Fair value adjustment 1 January 2018	47.337.898	13.236.792
Adjust of the year to fair value	<u>37.230.057</u>	<u>34.101.106</u>
Fair value adjustment 31 December 2018	<u>84.567.955</u>	<u>47.337.898</u>
Book value 31 December 2018	<u>736.100.000</u>	<u>696.300.000</u>

Notes

All amounts in DKK.

4. Investment property (continued)

The property, which is located in Copenhagen, is mainly used as student housing, totalling 20.947 squaremeters.

A determination of the return from the individual properties is based on the expected rental income by fully leased property. Expected operating costs, administration costs and maintenance costs are deducted. The subsequent value is adjusted in respect of recognised lack of lease for a reasonable period and expected costs for decoration and large maintenance projects etc. Likewise, deposits and prepaid lease are added. The rates of return have been determined on the basis of external brokers' evaluation of the market level.

The market value (book value) is based on a discount rate of 5,75% applied on future cash flows and an expected rate of return of 4,25%.

Compared to the latest financial year, the methods of measurement used have not been changed.

	<u>31/12 2018</u>	<u>31/12 2017</u>
5. Contributed capital		
Contributed capital 1 January 2018	<u>20.000.000</u>	<u>20.000.000</u>
	<u>20.000.000</u>	<u>20.000.000</u>
6. Results brought forward		
Results brought forward 1 January 2018	27.440.297	7.343.691
Profit or loss for the year brought forward	<u>25.894.496</u>	<u>20.096.606</u>
	<u>53.334.793</u>	<u>27.440.297</u>
7. Debt to group enterprises		
Debt to group enterprises in total	<u>629.054.186</u>	<u>629.029.186</u>
Share of liabilities due after 5 years	<u>629.054.186</u>	<u>629.029.186</u>

Notes

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>
8. Other debts		
Other debts in total	<u>1.445.649</u>	<u>1.445.649</u>
Share of liabilities due after 5 years	<u>1.445.649</u>	<u>1.445.649</u>

9. Contingencies

Joint taxation

REI Denmark Copenhagen ApS, company reg. no 36045213 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

Notes

All amounts in DKK.

10. Related parties

Consolidated annual accounts

The company is a part of the consolidated financial statements of REI Investment I B.V and ING Groep N.V and can be obtained at the following address:

Largest group:

ING Groep N. V
Bijlmerplein 888
1102 MG Amsterdam
P.O Box 1800, 1000 BV Amsterdam
The Netherlands

Smallest group:

REI Investment I B.V.
Prinses Beatrixlann 35
90504, 2509LM's - Gravenhage
Belgium