
CMNRE
Finsensvej PropCo ApS

Havnegade 39, DK-1058 København K

**Annual Report for 3 April -
31 December 2015**

CVR No 36 70 37 25

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
31/5 2016

Morten Sennecker Schultz
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CMNRE Finsensvej PropCo ApS for the financial year 3 April - 31 December 2015.

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 at 31 December 2015 of the Company and of the results of the Company operations for 2015.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 31 May 2016

Executive Board

Morten Sennecker Schultz

Board of Directors

Torsten Bjerregaard
Chairman

Morten Sennecker Schultz

Juha Matti Salokoski

Mika Markus Matikainen

Independent Auditor's Report on the Financial Statements

To the Shareholder of CMNRE Finsensvej PropCo ApS

Report on the Financial Statements

We have audited the Financial Statements of CMNRE Finsensvej PropCo ApS for the financial year 3 April - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The Financial Statements 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 based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 3 April - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report on the Financial Statements

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 31 May 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jesper Wiinholt
State Authorized Public Accountant

Maj-Britt Nørskov Nannestad
State Authorized Public Accountant

Company Information

The Company

CMNRE Finsensvej PropCo ApS
Havnegade 39
DK-1058 København K

CVR No: 36 70 37 25
Financial period: 3 April - 31 December
Incorporated: 3 April 2015
Financial year: 1st financial year
Municipality of reg. office: Copenhagen

Board of Directors

Torsten Bjerregaard , Chairman
Morten Sennecker Schultz
Juha Matti Salokoski
Mika Markus Matikainen

Executive Board

Morten Sennecker Schultz

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Financial Statements of CMNRE Finsensvej PropCo ApS for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

It is the Company's first financial year, Therefore, The Annual Report contains no comparative figures. The Annual Report has been prepared under the described accounting policies.

Main activity

The purpose of the company is to buy, operate and develop real estate.

Development in the year

The income statement of the Company for 2015 shows a profit of DKK 2,914,980, of which value adjustments amount to DKK 774,436, and at 31 December 2015 the balance sheet of the Company shows equity of DKK 20,463,361.

The Company has during the financial year acquired the companies Komplementarselskabet Finsensvej, Frederiksberg ApS and K/S Finsensvej, Frederiksberg. After the acquisition, CMNRE Finsensvej PropCo ApS merged with Komplementarselskabet Finsensvej, Frederiksberg ApS and assumed the assets and liabilities of K/S Finsensvej, Frederiksberg.

Uncertainty relating to recognition and measurement

For a description of the uncertainties associated with the recognition and measurement of the Company's investment property please refer to the description in note 1.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 3 April - 31 December

	<u>Note</u>	<u>2015</u> DKK
Gross profit/loss before value adjustments		4.769.553
Value adjustments of assets held for investment	2	<u>774.436</u>
Gross profit/loss after value adjustments		5.543.989
Financial income	3	182.709
Financial expenses	4	<u>-1.933.780</u>
Profit/loss before tax		3.792.918
Tax on profit/loss for the year	5	<u>-877.938</u>
Net profit/loss for the year		<u>2.914.980</u>

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	0
Retained earnings	<u>2.914.980</u>
	<u>2.914.980</u>

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2015</u> DKK
Investment properties		<u>90.000.000</u>
Property, plant and equipment	6	<u>90.000.000</u>
Fixed assets		<u>90.000.000</u>
Cash at bank and in hand		<u>4.803.972</u>
Currents assets		<u>4.803.972</u>
Assets		<u>94.803.972</u>

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2015</u> DKK
Share capital		51.000
Retained earnings		<u>20.412.361</u>
Equity	7	<u>20.463.361</u>
Provision for deferred tax	8	<u>196.438</u>
Provisions		<u>196.438</u>
Mortgage loans		56.239.752
Payables to group enterprises		<u>13.089.168</u>
Long-term debt	9	<u>69.328.920</u>
Mortgage loans	9	809.140
Trade payables		151.054
Corporation tax		681.500
Other payables		<u>3.173.559</u>
Short-term debt		<u>4.815.253</u>
Debt		<u>74.144.173</u>
Liabilities and equity		<u>94.803.972</u>
Uncertainties relating to recognition and measurement	1	
Related parties and ownership	10	

Statement of Changes in Equity

	Share capital	Share premium	Retained	Total
	DKK	account	earnings	DKK
	DKK	DKK	DKK	DKK
Equity at 3 April	50.000	0	0	50.000
Cash capital increase	1.000	17.497.381	0	17.498.381
Net profit/loss for the year	0	0	2.914.980	2.914.980
Transfer from share premium account	0	-17.497.381	17.497.381	0
Equity at 31 December	51.000	0	20.412.361	20.463.361

Notes to the Financial Statements

1 Uncertainties relating to recognition and measurement

The Company's management believes that the selected accounting policies, where investment properties are measured at fair value, provides the best presentation of the Company's assets and liabilities, the financial position, and the results of its operations.

The best documentation for the fair value of the Company's investment properties is current prices in an active market for similar investment properties. In the lack of such information the fair value is determined within a range of probable calculated estimates of the fair value, defined as the value between a qualified willing buyer and a qualified willing seller based on the conditions on the balance sheet date.

The management's estimate of the value of the investment properties is determined from market-conforming standards and is based on an assessment of the current returns, the maintenance condition, and the return requirement of the investment properties. The baseline is actual prices in the market for similar investment properties.

The fair value of investment properties in the annual report is estimated by the Company's management. The fair value is calculated as capitalised earnings value of properties determined from the expected future rent, the current tenants' abilities to fulfil their contractual obligations, periods of vacancy, operating costs, maintenance needs, and estimates of the return requirements.

The return requirement estimates are based on information about the general regional development in return requirements and other relevant local conditions.

The return requirement may, because of the current uncertainty in the real estate market, differ from the one prescribed by management and is not necessarily a reflection of the value a sale of the properties may bring. This is especially true in the case of a quick sale.

The fair value of the Company's investment properties at 31 December 2015 is set to DKK 90 mio. equivalent to a return requirement of 6.25%.

Notes to the Financial Statements

	2015
	DKK
2 Value adjustments of assets held for investment	
Value adjustment of investment properties	774.436
	774.436
3 Financial income	
Other financial income	182.709
	182.709
4 Financial expenses	
Amortization of loan costs	45.400
Interest paid to group enterprises	762.109
Other financial expenses	758.696
Exchange adjustments, expenses	367.575
	1.933.780
5 Tax on profit/loss for the year	
Current tax for the year	681.500
Deferred tax for the year	196.438
	877.938

Notes to the Financial Statements

6 Assets measured at fair value

	Investment pro- perties <u>DKK</u>
Net effect from merger and acquisition	<u>89.225.564</u>
Cost at 31 December	<u>89.225.564</u>
Value adjustments at 3 April	<u>774.436</u>
Value adjustments at 31 December	<u>774.436</u>
Carrying amount at 31 December	<u>90.000.000</u>

Sensitivity in determination of fair value of investment properties

An individually determined discount rate in the range of 5,75%-6,75% has been applied in the market value assessment at 31 December 2015. The average discount rate is determined at 6,25%.

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognised in the balance sheet as well as value adjustments carried in the income statement.

Changes in average discount rate	<u>-0,50 %</u> DKK	<u>Base</u> DKK	<u>0,50 %</u> DKK
Rate of return	<u>5,75</u>	<u>6,25</u>	<u>6,75</u>
Fair value	<u>97.826.000</u>	<u>90.000.000</u>	<u>83.333.000</u>
Change in fair value	<u>7.826.000</u>	<u>0</u>	<u>-6.667.000</u>

7 Equity

The share capital consists of 51,000 shares of a nominal value of DKK 1. No shares carry any special rights.

Notes to the Financial Statements

	2015
	DKK
8 Provision for deferred tax	
Property, plant and equipment	205.136
Amortization of loan costs	-8.698
	<u>196.438</u>

9 Long-term debt

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:

Mortgage loans

After 5 years	52.636.951
Between 1 and 5 years	3.602.801
Long-term part	56.239.752
Within 1 year	809.140
	<u>57.048.892</u>

Payables to group enterprises

After 5 years	13.089.168
Long-term part	13.089.168
Within 1 year	0
	<u>13.089.168</u>

Notes to the Financial Statements

10 Related parties and ownership

	Basis
Controlling interest	
CMNRE Finsensvej HoldCo ApS	Parent
Other related parties	
CapMan Nordic Real Estate FCP-SIF	Ultimate parent

Transactions

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions.

Accounting Policies

Basis of Preparation

The Annual Report of CMNRE Finsensvej PropCo ApS for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

Financial Statements for 2015 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income Statement

Gross profit/loss after value adjustments

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Accounting Policies

Revenue

Rental income is recognised on a straight line-basis over the term of the lease.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Investment properties

In Management's opinion the classification of the properties as investment properties did not cause any difficulties.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

In Management's opinion it has not been possible this year to determine fair value through market information, and, consequently, valuation has been made based on a recognised valuation technique.

The fair value of investment properties has been determined at 31 December 2015 for each property by using a Discounted Cash Flow model under which expected future cash flows are discounted to present value. The calculations are based on property budgets for the coming years. Allowance has been made for developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The individual, budgeted cash flows are discounted at an individually fixed discount rate added a terminal value. The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet.

The fair value of investment properties has been assessed by the independent assessor firm DTZ Egeskov & Lindquist A/S at 31 December 2015.

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ

Accounting Policies

from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

Receivables

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

Prepayments

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

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

Accounting Policies

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.