CMNRE
VBG80 PropCo ApS

c/o Keystone Investment Management A/S,
Havnegade 39, DK-1058 Copenhagen K

Annual Report for 1 January - 31 December 2016

CVR No 36 89 24 55

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 12/5 2017

Morten Sennecker Schultz
Chairman

pwc

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CMNRE VBG80 PropCo ApS 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 at 31 December 2016 of the Company and of the results of the Company operationsfor 2016.

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, 12 May 2017

Executive Board

Morten Sennecker Schultz
CEO

Board of Directors

Torsten Bjerregaard Chairman	Juha Salokoski	Mika Matikainen

Morten Sennecker Schultz

Independent Auditor's Report

To the Shareholder of CMNRE VBG80 PropCo ApS

Opinion
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 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of CMNRE VBG80 PropCo ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

Independent Auditor's Report

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 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 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.

Hellerup, 12 May 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jesper Wiinholt
State Authorised Public Accountant

Maj-Britt Nørskov Nannestad
State Authorised Public Accountant

Company Information

The Company	CMNRE VBG80 PropCo ApS c/o Keystone Investment Management A/S Havnegade 39 DK-1058 Copenhagen K CVR No: 36 89 24 55 Financial period: 1 January - 31 December Incorporated: 11 May 2015 Financial year: 2nd financial year Municipality of reg. office: Copenhagen
Board of Directors	Torsten Bjerregaard, Chairman Juha Salokoski Mika Matikainen Morten Sennecker Schultz
Executive Board	Morten Sennecker Schultz, CEO
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's Review

Financial Statements of CMNRE VBG80 PropCo ApS for 2016 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.

Main activity

The purpose of the Company is to buy and operate real estate.

Development in the year

The income statement of the Company for 2016 shows a loss of DKK 5,593,205, of which value adjustments amount to DKK -7,252,709, and at 31 December 2016 the balance sheet of the Company shows equity of DKK 29,210,868.

Uncertainty relating to recognition and measurement

As the company is engaged in development of investment properties, the Company is affected by changes in the property market, including the general level of interest rates and economic conditions. For a description of significant assumptions for the fair value recognition as 31 December 2016 please refer to note 4.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2016 DKK 12 months	2015 DKK 8 months
Gross profit/loss before value adjustments		**4.505.433**	**2.498.470**
Value adjustments of assets held for investment	1	-7.252.709	6.339.654
Gross profit/loss after value adjustments		**-2.747.276**	**8.838.124**
Financial expenses	2	-4.512.202	-4.534.097
Profit/loss before tax		**-7.259.478**	**4.304.027**
Tax on profit/loss for the year	3	1.666.273	-1.096.117
Net profit/loss for the year		**-5.593.205**	**3.207.910**

Distribution of profit

Proposed distribution of profit

Retained earnings	-5.593.205	3.207.910
	-5.593.205	**3.207.910**

Balance Sheet 31 December

Assets

	Note	2016	2015
		DKK	DKK
Investment properties		159.200.000	166.000.000
Property, plant and equipment	4	**159.200.000**	**166.000.000**
Fixed assets		**159.200.000**	**166.000.000**
Other receivables		51.073	54.596
Corporation tax		803.750	221.088
Prepayments		39.746	30.539
Receivables		**894.569**	**306.223**
Cash at bank and in hand		**5.468.242**	**5.782.766**
Currents assets		**6.362.811**	**6.088.989**
Assets		**165.562.811**	**172.088.989**

Balance Sheet 31 December

Liabilities and equity

	Note	2016	2015
		DKK	DKK
Share capital		51.000	51.000
Retained earnings		29.159.868	35.720.503
Equity		**29.210.868**	**35.771.503**
Provision for deferred tax		454.682	1.317.205
Other provisions		143.920	105.288
Provisions		**598.602**	**1.422.493**
Mortgage loans		103.311.423	104.486.125
Payables to group enterprises		26.577.211	24.660.048
Long-term debt	6	**129.888.634**	**129.146.173**
Mortgage loans	6	660.845	162.156
Trade payables		174.781	324.731
Other payables		5.029.081	5.261.446
Deferred income		0	487
Short-term debt		**5.864.707**	**5.748.820**
Debt		**135.753.341**	**134.894.993**
Liabilities and equity		**165.562.811**	**172.088.989**
Contingent assets, liabilities and other financial obligations	7		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	51.000	35.720.503	35.771.503
Fair value adjustment of financial instruments, end of year	0	-967.430	-967.430
Net profit/loss for the year	0	-5.593.205	-5.593.205
Equity at 31 December	**51.000**	**29.159.868**	**29.210.868**

Notes to the Financial Statements

		2016 DKK 12 months	2015 DKK 8 months
1	**Value adjustments of assets held for investment**		
	Value adjustments of investment properties	-7.252.709	6.339.654
		-7.252.709	**6.339.654**
2	**Financial expenses**		
	Interest paid to group enterprises	1.917.162	1.088.391
	Other financial expenses	2.595.040	1.467.089
	Fair value adjustment, interest rate swap	0	1.978.617
		4.512.202	**4.534.097**
3	**Tax on profit/loss for the year**		
	Current tax for the year	-803.750	-221.088
	Deferred tax for the year	-862.523	1.317.205
		-1.666.273	**1.096.117**

Notes to the Financial Statements

4 Assets measured at fair value

	Investment properties DKK
Cost at 1 January	159.660.345
Additions for the year	493.209
Transfers for the year	-40.500
Cost at 31 December	160.113.054
Value adjustments at 1 January	6.339.654
Revaluations for the year	-7.252.708
Value adjustments at 31 December	-913.054
Carrying amount at 31 December	**159.200.000**

Assumptions underlying the determination of fair value of investment properties

The Company's investment property is 39% residential and 61% commercial.

The investment property is located in the area of Copenhagen.

The property is valued at fair value based on a DCF model, which is based on forecasts for future cash flows that the individual property is expected to generate, expected CAPEX investments and development in vacancy.

The basis for value calculation is the individual property's net operating profit, with a budget period of 11 years.

The increase in market rent has been estimated to follow a development of 1%-2% and with a vacancy level of 0%.

Expected changes in operating costs have been included in a DCF model of 1%-2%.

The discount rate is fixed for all properties on the basis of a long-term risk-free nominal interest rate plus a risk adjustment. Risk adjustment is made based on an assessment of tenants' solvency and lease duration. The discount rate for budget period and the terminal value for 2016 is set to 5,25-5,50%, includes rate of return of 3,75%-4% and expected inflation of 1,5%.

Notes to the Financial Statements

4 Assets measured at fair value (continued)

Sensitivity in determination of fair value of investment properties

An individually determined rate of return of 3,75-4,0% has been applied in the market value assessment at 31 December 2016.

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

Changes in average discount rate	-0,5 %	Base	0,5 %
	DKK	DKK	DKK
Rate of return	3,35	3,85	4,35
Fair value	184.100.000	159.200.000	140.000.000
Change in fair value	24.900.000	0	-19.200.000

5 Derivative financial instruments

Interest rate swap have been entered into to hedge future interest payments on floating-rate loan. The swap have a term of 60 months. Through the swap, an interest rate of CIBOR 0,3750% is swapped for a fixed interest rate of 0,958% on a loan with a principal amount of 105.967.500. The interest swap have been entered into for the total term to maturity of the loan, which is 2 years. The fair value of interest rate swap at the balance sheet date amounts to 2.946.047, which has been recognised in other receivables/other payables.

Notes to the Financial Statements

6 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:

	2016	2015
	DKK	DKK
Mortgage loans		
After 5 years	0	101.812.940
Between 1 and 5 years	103.311.423	2.673.185
Long-term part	103.311.423	104.486.125
Within 1 year	660.845	162.156
	103.972.268	**104.648.281**
Payables to group enterprises		
After 5 years	0	24.660.048
Between 1 and 5 years	26.577.211	0
Long-term part	26.577.211	24.660.048
Within 1 year	0	0
	26.577.211	**24.660.048**

7 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Investment properties with a carrying amount of DKK	159.200.000	166.000.000

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed income of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

Notes, Accounting Policies

Basis of Preparation

The Annual Report of CMNRE VBG80 PropCo ApS for 2016 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.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2016 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. Exchange differences 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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement

Notes, Accounting Policies

unless the derivative financial instrument is designated and qualify as hedge accounting.

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.

Revenue

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

Expenses concerning investment properties

Expenses concerning investment properties primarily include operating expenses for the year.

Other external expenses

Other external expenses comprise expenses for sales and distrubution as well as office expenses, etc.

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.

Notes, Accounting Policies

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 2016 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 Nybolig Erhverv København A/S at 31 December 2016.

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 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.

Notes, Accounting Policies

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 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.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.