
CMNRE
VBG80 PropCo ApS

Havnegade 39, DK-1058 København K

**Annual Report for 11 May -
31 December 2015**

CVR No 36 89 24 55

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 VBG80 PropCo ApS for the financial year 11 May - 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 Salokoski

Mika Matikainen

Independent Auditor's Report on the Financial Statements

To the Shareholder of CMNRE VBG80 PropCo ApS

Report on the Financial Statements

We have audited the Financial Statements of CMNRE VBG80 PropCo ApS for the financial year 11 May - 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 11 May - 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 Authorised Public Accountant

Maj-Britt Nørskov Nannestad
State Authorised Public Accountant

Company Information

The Company

CMNRE VBG8o PropCo ApS
Havnegade 39
DK-1058 København K

CVR No: 36 89 24 55
Financial period: 11 May - 31 December
Incorporated: 11 May 2015
Financial year: 1st financial year
Municipality of reg. office: Copenhagen

Board of Directors

Torsten Bjerregaard, Chairman
Morten Sennecker Schultz
Juha Salokoski
Mika Matikainen

Executive Board

Morten Sennecker Schultz

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Financial Statements of CMNRE VBG80 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 and operate real estate.

Development in the year

The income statement of the Company for 2015 shows a profit of DKK 3,207,910, of which value adjustments amount to DKK 6,339,654, and at 31 December 2015 the balance sheet of the Company shows equity of DKK 35,771,503.

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 11 May - 31 December

| | <u>Note</u> | <u>2015</u> DKK |
|---|-------------|-------------------------|
| Gross profit/loss before value adjustments | | 2.498.470 |
| Value adjustments of assets held for investment | 2 | <u>6.339.654</u> |
| Gross profit/loss after value adjustments | | 8.838.124 |
| Financial expenses | 3 | <u>-4.534.097</u> |
| Profit/loss before tax | | 4.304.027 |
| Tax on profit/loss for the year | 4 | <u>-1.096.117</u> |
| Net profit/loss for the year | | <u>3.207.910</u> |

Distribution of profit

Proposed distribution of profit

| | |
|--------------------------------|-------------------------|
| Proposed dividend for the year | 0 |
| Retained earnings | <u>3.207.910</u> |
| | <u>3.207.910</u> |

Balance Sheet 31 December

Assets

| | <u>Note</u> | <u>2015</u> DKK |
|--------------------------------------|-------------|---------------------------|
| Investment properties | | 166.000.000 |
| Property, plant and equipment | 5 | <u>166.000.000</u> |
| Fixed assets | | <u>166.000.000</u> |
| Other receivables | | 54.596 |
| Corporation tax | | 221.088 |
| Prepayments | | 30.539 |
| Receivables | | <u>306.223</u> |
| Cash at bank and in hand | | <u>5.782.766</u> |
| Currents assets | | <u>6.088.989</u> |
| Assets | | <u>172.088.989</u> |

Balance Sheet 31 December

Liabilities and equity

| | <u>Note</u> | <u>2015</u> DKK |
|--|-------------|---------------------------|
| Share capital | | 51.000 |
| Retained earnings | | 35.720.503 |
| Equity | 6 | <u>35.771.503</u> |
| Provision for deferred tax | 7 | 1.317.205 |
| Other provisions | | 105.288 |
| Provisions | | <u>1.422.493</u> |
| Mortgage loans | | 104.486.125 |
| Payables to group enterprises | | 24.660.048 |
| Long-term debt | 8 | <u>129.146.173</u> |
| Mortgage loans | 8 | 162.156 |
| Trade payables | | 324.731 |
| Other payables | | 5.261.446 |
| Deferred income | | 487 |
| Short-term debt | | <u>5.748.820</u> |
| Debt | | <u>134.894.993</u> |
| Liabilities and equity | | <u>172.088.989</u> |
| Uncertainties relating to recognition and measurement | 1 | |
| Contingent assets, liabilities and other financial obligations | 9 | |
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Statement of Changes in Equity

| | Share capital | Share premium | Retained | Total |
|-------------------------------------|---------------|---------------|-------------------|-------------------|
| | DKK | account | earnings | DKK |
| | DKK | DKK | DKK | DKK |
| Equity at 11 May | 50.000 | 0 | 0 | 50.000 |
| Cash capital increase | 1.000 | 32.512.593 | 0 | 32.513.593 |
| Net profit/loss for the year | 0 | 0 | 3.207.910 | 3.207.910 |
| Transfer from share premium account | 0 | -32.512.593 | 32.512.593 | 0 |
| Equity at 31 December | 51.000 | 0 | 35.720.503 | 35.771.503 |

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 166 mio. equivalent to a return requirement of 4.50%.

Notes to the Financial Statements

| | 2015 |
|--|------------------|
| | DKK |
| 2 Value adjustments of assets held for investment | |
| Value adjustments of investment properties | 6.339.654 |
| | 6.339.654 |
| 3 Financial expenses | |
| Interest paid to group enterprises | 1.088.391 |
| Other financial expenses | 1.467.089 |
| Fair value adjustment, interest rate swap | 1.978.617 |
| | 4.534.097 |
| 4 Tax on profit/loss for the year | |
| Current tax for the year | -221.088 |
| Deferred tax for the year | 1.317.205 |
| | 1.096.117 |

Notes to the Financial Statements

5 Assets measured at fair value

| | Investment pro- perties <u>DKK</u> |
|---------------------------------------|--|
| Additions for the year | <u>159.660.346</u> |
| Cost at 31 December | <u>159.660.346</u> |
| Revaluations for the year | <u>6.339.654</u> |
| Value adjustments at 31 December | <u>6.339.654</u> |
| Carrying amount at 31 December | <u>166.000.000</u> |

Sensitivity in determination of fair value of investment properties

An individually determined discount rate in the range of 4%-5% has been applied in the market value assessment at 31 December 2015. The average discount rate is determined at 4,5%.

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>4,00</u> | <u>4,50</u> | <u>5,00</u> |
| Fair value | <u>186.750.000</u> | <u>166.000.000</u> | <u>149.400.000</u> |
| Change in fair value | <u>20.750.000</u> | <u>0</u> | <u>-16.600.000</u> |

6 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 |
| 7 Provision for deferred tax | |
| Property, plant and equipment | 1.777.651 |
| Amortization of loan costs | -57.111 |
| Provision LL §22 | -23.163 |
| Tax loss carry-forward | -380.172 |
| | <u>1.317.205</u> |

8 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 | 101.812.940 |
| Between 1 and 5 years | 2.673.185 |
| Long-term part | <u>104.486.125</u> |
| Within 1 year | 162.156 |
| | <u>104.648.281</u> |

Payables to group enterprises

| | |
|----------------|-------------------|
| After 5 years | 24.660.048 |
| Long-term part | <u>24.660.048</u> |
| Within 1 year | 0 |
| | <u>24.660.048</u> |

Notes to the Financial Statements

2015
DKK

9 Contingent assets, liabilities and other financial obligations

Security

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

| | |
|---|-------------|
| Investment properties with a carrying amount of DKK | 166.000.000 |
|---|-------------|

10 Related parties and ownership

Basis

Controlling interest

| | |
|------------------------|--------|
| CMNRE VBG80 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 VBG80 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.

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

Accounting Policies

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 distribution 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.

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.

Accounting Policies

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 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.

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.