

DK RESI LUNAH PROPCO APS

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

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2018

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

Birgitte Gurli Aaslyng

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COMPANY DETAILS**Company**

DK Resi Lunah Propco ApS
c/o 360 North Property Management ApS.
Göteborg Plads 1, 9.
2150 Nordhavn

CVR No.: 36 93 18 25
Established: 23 June 2015
Registered Office: Copenhagen
Financial Year: 1 January - 31 December

Board of Executives

Donatella Fanti
Birgitte Gurli Aaslyng
Solveig Diana Hoffmann

Auditor

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen

STATEMENT BY BOARD OF EXECUTIVES

Today the Board of Executives have discussed and approved the Annual Report of DK Resi Lunah Propco ApS for the financial year 1 January - 31 December 2018.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

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

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

Copenhagen, 20 May 2019

Board of Executives

Donatella Fanti

Birgitte Gurli Aaslyng

Solveig Diana Hoffmann

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of DK Resi Lunah Propco ApS

Opinion

We have audited the financial Statements of DK Resi Lunah Propco ApS for the financial year 01.01.2018 - 31.12.2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial Statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 20 May 2019

Deloitte Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Lars Andersen
State Authorised Public Accountant
MNE no. mne34506

MANAGEMENT'S REVIEW

Principal activities

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

Exceptional matters

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

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

The company has changed its accounting policies during the year and it now recognises capital at cost while it was earlier recognised at equity value.

The comparative figures for last year are changed in accordance with the new policy.

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

Significant events after the end of the financial year

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

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2018 DKK	2017 DKK
GROSS LOSS.....		-9,748,675	4,784,313
Depreciation, amortisation and impairment.....		-7,072,925	-6,853,105
OPERATING LOSS.....		-16,821,600	-2,068,792
Other financial income.....	1	763,909	0
Other financial expenses.....	2	-15,839,474	-10,737,898
LOSS BEFORE TAX.....		-31,897,165	-12,806,690
Tax on profit/loss for the year.....	3	45,562,477	0
PROFIT FOR THE YEAR.....		13,665,312	-12,806,690
PROPOSED DISTRIBUTION OF DIVIDEND			
Retained earnings.....		13,665,312	-12,806,690
TOTAL.....		13,665,312	-12,806,690

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2018 DKK	2017 DKK
Land and buildings.....		508,376,698	500,794,998
Tangible fixed assets.....	4	508,376,698	500,794,998
Equity investments in group enterprises.....		500,000	500,000
Receivables from group enterprises.....		0	29,972,289
Fixed asset investments.....	5	500,000	30,472,289
FIXED ASSETS.....		508,876,698	531,267,287
Trade receivables.....		351,330	74,358
Receivables from group enterprises.....		135,557,277	0
Deferred tax assets.....		45,562,477	0
Other receivables.....		2,815,290	5,962,354
Prepayments and accrued income.....		0	223,516
Receivables.....		184,286,374	6,260,228
Cash and cash equivalents.....		9,057,512	4,894
CURRENT ASSETS.....		193,343,886	6,265,122
ASSETS.....		702,220,584	537,532,409

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2018 DKK	2017 DKK
Share capital.....		2,190,000	2,190,000
Share premium account.....		188,624,700	188,624,700
Unpaid share capital.....		0	284,700
Reserve for unpaid share capital.....		0	-284,700
Retained profit.....		-10,243,106	-23,908,418
EQUITY.....	6	180,571,594	166,906,282
Other provisions for liabilities.....		0	2,000,000
PROVISION FOR LIABILITIES.....		0	2,000,000
Mortgage debt.....		0	341,378,211
Bank loan.....		496,150,501	0
Long-term liabilities.....	7	496,150,501	341,378,211
Short-term portion of long-term liabilities.....	7	0	4,096,607
Bank debt.....		0	9,199,548
Trade payables.....		11,811,599	3,431,703
Other liabilities.....		5,648,278	1,994,464
Prepayments received from customers.....		8,038,612	8,525,594
Current liabilities.....		25,498,489	27,247,916
LIABILITIES.....		521,648,990	368,626,127
EQUITY AND LIABILITIES.....		702,220,584	537,532,409
 Contingencies etc.	 8		
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	2018 DKK	2017 DKK	Note
Other financial income			1
Group enterprises.....	763,858	0	
Other interest income.....	51	0	
	763,909	0	
Other financial expenses			2
Group enterprises.....	763,858	0	
Other interest expenses.....	15,075,616	10,737,898	
	15,839,474	10,737,898	
Tax on profit/loss for the year			3
Adjustment of deferred tax.....	-45,562,477	0	
	-45,562,477	0	
Tangible fixed assets			4
	Land and buildings		
Cost at 1 January 2018.....	516,575,828		
Additions.....	14,654,625		
Cost at 31 December 2018.....	531,230,453		
Depreciation and impairment losses at 1 January 2018.....	15,780,831		
Depreciation for the year.....	7,072,924		
Depreciation and impairment losses at 31 December 2018.....	22,853,755		
Carrying amount at 31 December 2018.....	508,376,698		
Fixed asset investments			5
	Equity investments in group enterprises		
Cost at 1 January 2018.....	500,000		
Cost at 31 December 2018.....	500,000		
Carrying amount at 31 December 2018.....	500,000		

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Note

Equity

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	Share capital	Share premium account	Other restricted reserves	Retained profit	Total
Equity at 1 January 2018.....	2,190,000	188,624,700	11,540,664	153,296,584	355,651,948
Change of equity due to change of policy.....			-11,540,664	177,205,002	188,745,666
Adjusted equity at 1 January 2018.....	2,190,000	188,624,700	0	-23,908,418	166,906,282
Proposed distribution of profit..				13,665,312	13,665,312
Equity at 31 December 2018..	2,190,000	188,624,700	0	-10,243,106	180,571,594

Specification of other restricted reserves:

	Reserve for net revaluation according to equity va	Unpaid share capital	Reserve for unpaid share capital	Other restricted reserves total
Equity at 1 January 2018.....	11,540,664	284,700	-284,700	11,540,664
Change of equity due to change of policy....	-11,540,664			-11,540,664
Adjusted equity at 1 January 2018.....	0	284,700	-284,700	0
Payment receivable share capital.....		-284,700	284,700	
Equity at 31 December 2018.....	0	0	0	0

Long-term liabilities

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	1/1 2018 total liabilities	31/12 2018 total liabilities	Repayment next year	Debt outstanding after 5 years
Bank loan.....	345,474,818	496,150,501	0	0
	345,474,818	496,150,501	0	0

Contingencies etc.

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Joint liabilities

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

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

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	Note
Charges and securities	9
Bank loan is secured by mortgages in properties, amounting to 557,755,506 DKK.	
The carrying ammount of mortgaged properties is 508,376,698 DKK	
 Consolidated financial statements	 10
The company is included in the consolidated financial statements of DK Resi Holdco II ApS, c/o 360 North Property Management ApS, Göteborg Plads 1, 9., 2150 Nordhavn.	

ACCOUNTING POLICIES

The Annual Report of DK Resi Lunah Propco ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year, except for the following changes.

Change in accounting policies and classification

The accounting policies have been changed in the following areas:

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

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

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

- The company's equity investments were earlier measured at equity value. The policy has been changed and equity investments are now recognised and measured at cost.

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

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

Comparative figures

There is no accumulated effect of the change of policy for 2018. For 2017, the result for the year is changed by DKK ('000) -147,357, whereas the balance sheet total at beginning of the year is reduced by DKK ('000) 188,746 and equity at 1 January 2018 is reduced by DKK ('000) 188,746.

INCOME STATEMENT

Net revenue

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

Other external expenses

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

Financial income and expenses

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

ACCOUNTING POLICIES

Tax

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

BALANCE SHEET

Tangible fixed assets

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

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

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

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

	Useful life	Residual value
Buildings.....	50 years	25 %

Estimated useful lives and residual values are reassessed annually.

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

Fixed asset investments

Equity investments in subsidiaries are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Impairment of fixed assets

The carrying amount of tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

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

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

Receivables

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

Accruals, assets

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

Cash and cash equivalents

Cash comprises bank deposits.

ACCOUNTING POLICIES

Other provisions for liabilities

Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructuring etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated for the contract. The provision is recognised as a cost under production costs.

Tax payable and deferred tax

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

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

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

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

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

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.