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Block E/P1 ApS

c/o Keystone Investment
Management A/S Havnegade 39
1058 Copenhagen K
Central Business Registration No
36960299

Annual report 2016

The Annual General Meeting adopted the annual report on 10.05.2017

Chairman of the General Meeting

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Name: Maja Hesselberg

Contents

Entity details

Entity
Block E/P1 ApS
c/o Keystone Investment Management A/S Havnegade 39
1058 Copenhagen K

Central Business Registration No: 36960299
Registered in: Copenhagen
Financial year: 01.07.2015 - 31.12.2016

Executive Board
Hugo Marcus Vernon Black
Robert David Craig Sim
Morten Sennecker Schultz

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Block E/P1 ApS for the financial year 01.07.2015 - 31.12.2016.

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 Entity’s financial position at 31.12.2016 and of the results of its operations for the financial year 01.07.2015 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 10.05.2017

Executive Board

Hugo Marcus Vernon Black	Robert David Craig Sim	Morten Sennecker Schultz

Independent auditor's report

To the shareholders of Block E/P1 ApS

Opinion

We have audited the financial statements of Block E/P1 ApS for the financial year 01.07.2015 - 31.12.2016, which comprise the 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 31.12.2016 and of the results of its operations for the financial year 01.07.2015 - 31.12.2016 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:

Independent auditor's report

- 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.

- 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.

Independent auditor's report

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, 10.05.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Lars Andersen
State Authorised Public Accountant

Management commentary

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

Development in activities and finances
The income statement of the Company for 2016 shows a profit of DKK 77.769.413, of which value adjustments amount to DKK 92.280.596, and at 31 December 2016 the balance sheet of the Company shows equity of DKK 57.234.796.

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 of 31 December 2016 please refer to note 2.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2016

	Notes	2016 DKK	2015 DKK
Gross profit		**10.593.151**	**(7.000)**
Fair value adjustments of investment property		92.280.596	0
Operating profit/loss		**102.873.747**	**(7.000)**
Financial expenses from group enterprises		(483.257)	0
Other financial expenses		(1.801.194)	0
Profit/loss before tax		**100.589.296**	**(7.000)**
Tax on profit/loss for the year	1	(22.819.883)	0
Profit/loss for the year		**77.769.413**	**(7.000)**
Proposed distribution of profit/loss			
Extraordinary dividend distributed in the financial year		184.402.238	0
Retained earnings		(106.632.825)	(7.000)
		77.769.413	**(7.000)**

Balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Investment property		288.000.000	0
Property, plant and equipment	2	**288.000.000**	**0**
Receivables from group enterprises		200.000	0
Fixed asset investments		**200.000**	**0**
Fixed assets		**288.200.000**	**0**
Contributed capital in arrears		0	80.000
Prepayments		193.123	0
Receivables		**193.123**	**80.000**
Cash		**4.061.845**	**0**
Current assets		**4.254.968**	**80.000**
Assets		**292.454.968**	**80.000**

Balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK
Contributed capital	3	90.000	80.000
Retained earnings		57.144.796	(7.000)
Equity		**57.234.796**	**73.000**
Deferred tax		20.998.000	0
Provisions		**20.998.000**	**0**
Mortgage debts		176.913.702	0
Payables to group enterprises		26.885.649	0
Non-current liabilities other than provisions	4	**203.799.351**	**0**
Current portion of long-term liabilities other than provisions	4	2.857.094	0
Deposits		3.826.209	0
Prepayments received from customers		1.238.125	0
Trade payables		154.048	7.000
Payables to group enterprises		506.408	0
Income tax payable		1.474.999	0
Other payables		365.938	0
Current liabilities other than provisions		**10.422.821**	**7.000**
Liabilities other than provisions		**214.222.172**	**7.000**
Equity and liabilities		**292.454.968**	**80.000**
Contingent liabilities	5		
Mortgages and securities	6		

Statement of changes in equity for 2016

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Proposed extraordinary dividend DKK
Equity beginning of year	80.000	0	(7.000)	0
Increase of capital	10.000	163.784.621	0	0
Transferred from share premium	0	(163.784.621)	163.784.621	0
Extraordinary dividend paid	0	0	0	(184.402.238)
Profit/loss for the year	0	0	(106.632.825)	184.402.238
Equity end of year	**90.000**	**0**	**57.144.796**	**0**

	Total DKK
Equity beginning of year	73.000
Increase of capital	163.794.621
Transferred from share premium	0
Extraordinary dividend paid	(184.402.238)
Profit/loss for the year	77.769.413
Equity end of year	**57.234.796**

Notes

	2016 DKK	2015 DKK
1. Tax on profit/loss for the year		
Tax on current year taxable income	1.821.883	0
Change in deferred tax for the year	20.998.000	0
	22.819.883	**0**

	Investment property DKK
2. Property, plant and equipment	
Additions	195.719.404
Cost end of year	**195.719.404**
Fair value adjustments for the year	92.280.596
Fair value adjustments end of year	**92.280.596**
Carrying amount end of year	**288.000.000**
Financial expenses included in carrying amount	**275.974**

Assumptions underlying the determination of fair value of the investment property
The Company's property is 100 % residential, with a total area of 9,311 sq.m. The weighted average unexpired lease term is 0.3 years.

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 valuation is made by an external valuer.

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 1.5 to 2 % and with a structural vacancy of .1 %

The discount rate is fixed for the property 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 the budget period is 6.3 % and the exit yield 4.35 %.

Notes

Sensitivity in determination of fair value of investment properties
An individually determined rate of return of 6,3 % has been applied in the market value assessment at 31 december 2016.

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

Changes in discount rate and exit yield	-0,5%-point	Base	+0,5%-point
Discount rate	5,8%	6,3%	6,8%
Fair value	316.663	288.000	251.640
Change in fair value	28.663	0	-36.360

	Number	Par value DKK	Nominal value DKK
3. Contributed capital			
Shares	90	1000	90.000
	90		**90.000**

	Instalments within 12 months 2016 DKK	Instalments beyond 12 months 2016 DKK	Outstanding after 5 years DKK
4. Liabilities other than provisions			
Mortgage debts	2.857.094	176.913.702	168.900.066
Payables to group enterprises	0	26.885.649	0
	2.857.094	**203.799.351**	**168.900.066**

5. Contingent liabilities
The Entity participates in a Danish joint taxation arrangement in which KEEP GKL 3 serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

Notes

6. Mortgages and securities
Mortgage debt is secured by way of mortgage on the property.

Collateral security provided for subsidiaries and other group enterprises

The Entity has guaranteed the group enterprises KEEP F ApS’ and KEEP P1 ApS’ debt to Danske Bank. The maximum limit of the guarantee is DKK 0.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue from rental income and other external expenses.

Revenue

Revenue related to property operation is recognised in the rental income. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Fair value adjustments of investment property

Fair value adjustment of investment property comprises adjustments for the financial year of the Entity's investment properties measured at fair value at the balance sheet date.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for stationery and office supplies etc. This item also includes writedowns of receivables recognised in current assets.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Accounting policies

Other financial expenses
Other financial expenses comprise interest expenses, net capital losses on transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet
Investment property
On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured by an external valuer at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date. The fair value of the properties is revalued annually based on value in use calculations for expected cash flows from the individual investment properties. When calculating values in use, a discount factor that reflects the current yield requirements on comparable properties is used.

The financial year's adjustments of the properties’ fair value are recognised in the income statement.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Contributed capital in arrears consists
Contributed capital in arrears consists of capital subscribed, but not paid up, which is recognised as a separate amount receivable in assets and a separate reserve in equity (gross method). The amount receivable is measured at amortised cost.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Accounting policies

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax