

REI Mariendalsvej ApS

Kr. Bernikowsgade 4, 1. sal, 1105 København K

Annual report

2019

Company reg. no. 37 24 21 44

The annual report was presented and approved by the annual general meeting on 13 August 2020.

Kenneth Strandlyst
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's report

Today, the executive board has presented the annual report of REI Mariendalsvej ApS for the financial year 2019 of REI Mariendalsvej ApS.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the company's results of activities in the financial year 1 January - 31 December 2019.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

København, 15 July 2020

Executive board

Line Verroken

Christophorus
Hoorenman

Johannes Jesper Dam

Independent auditor's report

To the shareholders of REI Mariendalsvej ApS

Opinion

We have audited the financial statements of REI Mariendalsvej ApS for the financial year 1 January - 31 December 2019, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the results of the company's activities for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 15 July 2020

KPMG

State Authorised Public Accountants
Company reg. no. 25 57 81 98

Jette Kjær Bach

State Authorised Public Accountant
mne19812

Company information

The company

REI Mariendalsvej ApS
Kr. Bernikowsgade 4, 1. sal
1105 København K

Company reg. no. 37 24 21 44

Financial year: 1 January 2019 - 31 December 2019
4th financial year

Executive board

Line Verroken
Christophorus Johannes Hoorenman
Jesper Dam

Auditors

KPMG
Dampfærgevej 28
2100 Copenhagen

Parent company

REI Investment I B.V.
Prinses Beatrixlaan 35
2595 AK, The Hague
Holland

Management commentary

The principal activities of the company

Like previous years, the principal activity of the company is to own, develop, lease, purchase and sell real estate as well as any other business affiliate thereto.

Development in activities and financial matters

The gross profit for the year totals DKK 2.194.000 against DKK -1.480.000 last year. Income or loss from ordinary activities after tax totals DKK 36.236.000 against DKK -1.480.000 last year. Management considers the results year satisfactory.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Gross profit	2.194.312	-1.480.264
Value adjustment of investment property	43.470.518	0
Other financial costs	-48.586	0
Results before tax	45.616.244	-1.480.264
Tax on net profit or loss for the year	-9.380.000	0
Net profit or loss for the year	36.236.244	-1.480.264
Proposed appropriation of net profit:		
Transferred to retained earnings	36.236.244	0
Allocated from retained earnings	0	-1.480.264
Total allocations and transfers	36.236.244	-1.480.264

Statement of financial position at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2019</u>	<u>2018</u>
Non-current assets		
2 Investment property	450.100.000	329.644.474
Total property, plant, and equipment	<u>450.100.000</u>	<u>329.644.474</u>
Total non-current assets	<u>450.100.000</u>	<u>329.644.474</u>
Current assets		
Trade receivables	5.469.741	2.146.052
Other receivables	184.433	2.295.995
Prepayments and accrued income	2.156	0
Total receivables	<u>5.656.330</u>	<u>4.442.047</u>
Cash on hand and demand deposits	<u>1.207.314</u>	<u>30.068.294</u>
Total current assets	<u>6.863.644</u>	<u>34.510.341</u>
Total assets	<u>456.963.644</u>	<u>364.154.815</u>

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2019</u>	<u>2018</u>
Equity		
Contributed capital	52.003	51.003
Retained earnings	439.795.547	352.060.302
Total equity	439.847.550	352.111.305
 Provisions		
Provisions for deferred tax	9.380.000	0
Total provisions	9.380.000	0
 Liabilities other than provisions		
Deposits	3.168.450	0
Total long term liabilities other than provisions	3.168.450	0
Trade payables	4.322.797	12.043.510
Accruals and deferred income	244.847	0
Total short term liabilities other than provisions	4.567.644	12.043.510
 Total liabilities other than provisions	7.736.094	12.043.510
 Total equity and liabilities	456.963.644	364.154.815

3 Contingencies

4 Related parties

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2019	51.003	352.060.303	352.111.306
Profit or loss for the year brought forward	0	36.236.244	36.236.244
Capital increase by debt conversion 18/12 2019	<u>1.000</u>	<u>51.499.000</u>	<u>51.500.000</u>
	<u>52.003</u>	<u>439.795.547</u>	<u>439.847.550</u>

Accounting policies

The annual report for REI Mariendalsvej ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Income statement

Gross profit

Gross profit comprises the revenue, other operating income, and external costs.

Revenue

Rental income comprises income from the lease of property and from overhead costs collected and is recognised in the income statement for the period relating to the lease payment. Income from the heating account is recognised in the statement of financial position as a balance with lessees.

Other external costs

Other external costs comprise costs for administration and premises.

Costs concerning investment properties

Costs concerning investment properties comprise operating costs, repair and maintenance costs, taxes, charges, and other costs.

Value adjustment of investment property

Value adjustment of investment property comprises value adjustments of properties at fair value and profit or loss from the disposal of properties.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation, amortisation, and writedown for the year and profit and loss on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Interest and other costs concerning loans to finance the production of intangible assets and property, plant, and equipment, and relating to production periods are not recognised in the cost of non-current assets.

Accounting policies

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Investment property

At the initial recognition, investment property is measured at cost, comprising the cost of the property and directly associated costs, if any.

Hereafter, investments are measured individually on the basis of a return-based cash flow model based on expected future net cash flows over a period of 10 years. The required rate of return is determined by an external assessor. Fair value measurement is made on the basis of estimated lease income and expected operating costs, including scheduled maintenance. Compared to the previous financial year, the method of measurement remains unchanged.

Costs adding new or improved qualities to an investment property compared to its condition at the time of acquisition, thereby improving the future return on the property, are added to the cost as an improvement. Costs which do not add new or improved qualities to an investment property are recognised in the income statement under the item "Costs concerning investment property".

Like other property, plant, and equipment except for land, investment property has a limited economic life. The impairment taking place concurrently with the ageing of the investment property is reflected in the continuing measurement of the investment property at fair value.

Value adjustments are recognised in the income statement under the item "Value adjustments of property".

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Accounting policies

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, REI Mariendalsvej ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
1. Staff costs		
Average number of employees	<u>0</u>	<u>0</u>
2. Investment property		
Cost 1 January 2019	329.644.475	219.769.243
Additions during the year	<u>76.985.007</u>	<u>109.875.231</u>
Cost 31 December 2019	<u>406.629.482</u>	<u>329.644.474</u>
Fair value adjustment 1 January 2019	0	0
Adjust of the year to fair value	<u>43.470.518</u>	<u>0</u>
Fair value adjustment 31 December 2019	<u>43.470.518</u>	<u>0</u>
Carrying amount, 31 December 2019	<u>450.100.000</u>	<u>329.644.474</u>

The measurement of properties is made using a returnbased cash flow model based on expected future net cash flows over a period of 10 years. The required rate of return is determined by an external assessor. The fair value measurement is made on the basis of estimated rental income and expected operating costs, including scheduled maintenance. Cash flows beyond the 10th year (terminal value) is determined according to a netrent model based on the 10th year, but at average estimates as to vacant periods, improvement costs, major maintenance costs, and investments. Cash flows from each year and the value of the terminal year are discounted with the required rate of return determined for each individual property with addition of inflation.

Compared to the previous financial year, the methods of measurement remain unchanged.

The property, which is located in Copenhagen, is mainly used as student housing, senior housing properties and fitness, totalling 13.700 squaremeters.

The external assessor has applied a Discount Rate of 5.40 % with an Exit Capitalisation Rate of 3.90%.

3. Contingencies

Contingent liabilities

The company has issued a performance guarantee towards the main contractor of 18 mio. DKK. The performance guarantee runs until march 20, 2023.

Notes

All amounts in DKK.

3. Contingencies (continued)

Joint taxation

With REI Denmark Copenhagen ApS, company reg. no 36 04 52 13 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The total tax payable under the joint taxation scheme totals DKK 0.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of DKK 0.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

4. Related parties

Consolidated financial statements

The company is a part of the consolidated financial statements of REI Investment I B.V and ING Group N.V and can be obtained at the following address:

Largest group:

ING Groep N. V
Bijlmerplein 888
1102 MG Amsterdam
P.O Box 1800, 1000 BV Amsterdam
The Netherlands

Smallest group:

REI Investment I B.V.
Prinses Beatrixlann 35
90504, 2509LM's - Gravenhage
Belgium