

Ib Schönbergs Allé ApS

c/o SF-M ApS, Amaliegade 15, 2.
1256 København K

CVR no. 37 51 13 74

Annual report 2018

The annual report was presented and approved at the
Company's annual general meeting on

8 May 2019

chairman

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Ib Schønbergs Allé ApS
Annual report 2018
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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Ib Schønbergs Allé ApS for the financial year 1 January – 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen 8 May 2019
Executive Board:

Thomas Esben Khan

Board of Directors:

Neil Kalsi

Thomas Esben Khan

Henrik Skriver

Independent auditor's report

To the shareholder of Ib Schønbergs Allé ApS

Opinion

We have audited the financial statements of Ib Schønbergs Allé ApS for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including 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 Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 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 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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



Independent auditor's report

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.

Statement on the Management's review

Management is responsible for the Management's review.

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

Based on the work we have performed, we conclude that the 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 of the Management's review.

Copenhagen, 8 May 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Michael Tuborg
State Authorised
Public Accountant
mne24621

Ib Schønbergs Allé ApS
Annual report 2018
CVR no. 37 51 13 74

Management's review

Company details

Ib Schønbergs Allé ApS
c/o SF-M ApS
Amaliegade 15, 2.
1256 København K

CVR no.: 37 51 13 74
Established: 1 February 2016
Financial year: 1 January – 31 December

Board of Directors

Neil Kalsi
Thomas Esben Khan
Henrik Skriver

Executive Board

Thomas Esben Khan

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen

Annual general meeting

The annual general meeting will be held on 8 May 2019.

Management's review

Operating review

Principal activities

The object of the Company is to acquire, operate and let out real estate.

Development in activities and financial position

The income statement shows a profit for the financial year of DKK 104,140 thousand. The balance sheet shows an equity of DKK 83,294 thousand.

Events after the balance sheet date

No events have occurred after the balance sheet date that materially affect the Company's financial position.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2018	2017
Gross profit/loss		4,047	-16
Fair value adjustment of investment properties		130,611	87
Operating profit		134,658	71
Financial expenses		-1,281	0
Profit before tax		133,377	71
Tax on profit/loss for the year		-29,237	-16
Profit for the year		104,140	55
Proposed profit appropriation			
Extraordinary dividend paid		52,000	0
Retained earnings		52,140	55
		104,140	55

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
ASSETS			
Fixed assets			
Property, plant and equipment	2		
Investment properties		<u>320,000</u>	<u>115,577</u>
Total fixed assets		<u>320,000</u>	<u>115,577</u>
Current assets			
Receivables			
Other receivables		1,279	459
Prepayments		<u>0</u>	<u>114</u>
		<u>1,279</u>	<u>573</u>
Cash at bank and in hand		<u>2,798</u>	<u>0</u>
Total current assets		<u>4,077</u>	<u>573</u>
TOTAL ASSETS		<u><u>324,077</u></u>	<u><u>116,150</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital		80	80
Revaluation reserve		0	13,604
Retained earnings		83,214	17,470
Total equity		83,294	31,154
Provisions			
Provisions for deferred tax		36,298	6,885
Total provisions		36,298	6,885
Liabilities other than provisions			
Non-current liabilities other than provisions			
	3		
Mortgage loans		188,780	73,035
Payables to group entities		0	5,076
Deposits		2,856	0
		191,636	78,111
Current liabilities other than provisions			
Current portion of non-current liabilities		4,972	0
Deposits		1,428	0
Prepaid rent		4,102	0
Trade payables		1,806	0
Other payables		542	0
		12,850	0
Total liabilities other than provisions		204,486	78,111
TOTAL EQUITY AND LIABILITIES		324,078	116,150
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Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	<u>Contributed capital</u>	<u>Revaluation reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2018	80	13,604	17,470	31,154
Net effect from change of accounting policy	0	-13,604	13,604	0
Transferred over the profit appropriation	0	0	104,140	104,140
Extraordinary dividends paid	<u>0</u>	<u>0</u>	<u>-52,000</u>	<u>-52,000</u>
Equity at 31 December 2018	<u><u>80</u></u>	<u><u>0</u></u>	<u><u>83,214</u></u>	<u><u>83,294</u></u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Ib Schønbergs Allé ApS for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

Change in accounting policies

The Company has changed its accounting policies regarding recognition of investment properties so that investment properties are stated at fair value in accordance with the Danish Financial Act, section 38. Previously, investment properties were stated at fair value in accordance with the Danish Financial Act, section 41. As a result of this, reserve of DKK 13,604 thousand has been reclassified to retained earnings.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Gross profit comprising, revenue and other external costs.

Revenue

Revenue, comprising rental income, is recognized in the period to which it relates.

Other external costs

Other external expenses comprise for administration expenses and costs in relation to buildings etc.

Fair value adjustment of investment properties

Value adjustment comprises the year's changes in the fair value of investment properties.

Financial expenses

Financial costs comprise interest expenses and other financial costs.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year, and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Investment properties

Investment property comprises properties that is held to earn rentals, held for capital appreciation or both.

Initially, investment properties is measured at cost including purchase price and directly related costs. The carrying amount also includes costs for improvements if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise.

The fair value of completed investment property is determined using a discounted cash flow (DCF). Under the DCF-method, a property's fair value is estimated using explicit assumptions about the risks and yields over the asset's life, including an exit or terminal value. This involves the projection of a series of cash flows and to do this, an appropriate, market-derived discount rate is applied to establish the present value of the income stream.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal, re-letting, redevelopment, or refurbishment.

The valuations were performed by Colliers International Danmark A/S, an accredited independent value with a recognised and relevant professional qualification and recent experience of the location and category of the investment property being valued. The valuation model applied is in accordance with that recommended by the International Valuation Standards Committee. These valuation models are consistent with the principles in IFRS 13.

Land and buildings under construction are measured at the cost price from acquisition included project and construction related cost

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Equity

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Prepayments and deferred income

Prepayments comprise prepayments of costs incurred relating to subsequent financial years.

Deferred income comprise rental income relating to the subsequent financial year.

Liabilities other than provision

Mortgage loans to credit institutions are recognised at cost at the date of borrowing, equivalent to proceeds received less transaction costs paid.

Subsequently, these financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

2 Property, plant and equipment

DKK'000	<u>Investment properties</u>
Cost at 1 January 2018	98,160
Additions for the year	<u>73,812</u>
Cost at 31 December 2018	<u>171,972</u>
Revaluations at 1 January 2018	17,417
Revaluations for the year	<u>130,611</u>
Revaluations at 31 December 2018	<u>148,028</u>
Carrying amount at 31 December 2018	<u><u>320,000</u></u>

The Property is located in Valby and is used for student housing, totalling 7,563 sqm including common area of 456 sqm.

Key assumptions

In the valuation of the property there have been applied an exit yield of 4,5 %.

Sensitivity analysis

An increase of the yield by 0.5 percentage points would reduce the property value by DKK 31 million, and a decrease of the yield by 0.5 percentage points increase the property value by DKK 39 million.

3

DKK'000	<u>Total debt at 31/12 2018</u>	<u>Outstanding debt after five years</u>
Mortgages	<u>193,752</u>	<u>177,878</u>
	<u><u>193,752</u></u>	<u><u>177,878</u></u>

4 Contractual obligations, contingencies, etc.

The company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax, therefore the Company is jointly taxed with the parent company Thor Ib Schønbergs Alle A/S and Thor Property Holding ApS.

5 Mortgages and collateral

Investment properties with a carrying amount of DKK 320 million at 31 December 2018 have been provided as collateral for mortgages of DKK 194 million.

6 Related party disclosures

Ib Schønbergs Allé ApS is included in the consolidated financial statements of Blaekhus Luxembourg Holdings SCSp, Ave de la Gare 42 -44, 1610 Luxembourg.