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# EJENDOMSSELSKABET GOTHERSGADE 55 APS

# Annual Report 2016

CVR No.: 13916497

**Ejendomsselskabet Gothersgade 55 ApS**
Vognmagergade 11
1148 Copenhagen K
Registered office: Copenhagen

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# Management's review

## MAIN ACTIVITY

The Company's main activity is to rent out its investment property. The property is fully rented on a long term contract.

## DEVELOPMENT IN ACTIVITIES AND FINANCIAL MATTERS

Revenue amounts to DKK 13.1 million (DKK 17.7 million in 2015). Operating profit before net financials amounts to DKK 7.9 million (DKK 13.8 million in 2015).

Profit before tax is DKK 7.0 million (DKK 11.0 million in 2015).

The reason for the decrease in revenue and operating profit is due to a ruling at the Eastern High Court, reducing the lease over a 4 year-period from December 2013. The operating profit in 2016 is affected by the legal costs incurred.

## OUTLOOK

The company expects a profit before tax for 2017 slightly higher than 2016.

## EVENTS AFTER THE BALANCE SHEET DATE

No changes after the balance sheet date impacting the financial position at 31 December 2016.

# Statement by the Board of Directors and Management Board

The Board of Directors and Management Board have today discussed and approved the annual report of Ejendomsselskabet Gothersgade 55 ApS for the financial year 1 January - 31 December 2016.

The financial statements have 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 financial position at 31 December 2016, and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

Furthermore, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters and the results of the Company's operations and financial position.

Copenhagen, 13 March 2017

MANAGEMENT BOARD:

Hans J. Carstensen

BOARD OF DIRECTORS:

Steen Riisgaard
Chairman

Lars-Johan Jarnheimer
Vice Chairman

Steffen Kragh

# Independent Auditor's Report

## TO THE SHAREHOLDERS OF EJENDOMSSELSKABET GOTHERSGADE 55 APS

### OPINION

We have audited the financial statements of Ejendomsselskabet Gothersgade 55 ApS for the financial year 1 January – 31 December 2016, which comprise an 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 financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 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 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 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 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 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 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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 Company'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 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 conclusion is 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 our procedures, 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 13 March 2017

Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

**Jesper Ridder Olsen**
State Authorised
Public Accountant

**Anders Stig Lauritsen**
State Authorised
Public Accountant

# Income Statement

(DKKk)

| Note | | 2016 | 2015 |
|---|---|---|---|
| | **Revenue** | **13,118** | **17,686** |
| | Other external expenses | (5,250) | (3,855) |
| | **Operating profit** | **7,868** | **13,831** |
| 2 | Financial income | 1,289 | 884 |
| 3 | Financial expenses | (2,183) | (3,748) |
| | **Profit before tax** | **6,974** | **10,967** |
| 4 | Tax on profit for the year | 0 | 369 |
| | **Net profit for the year** | **6,974** | **11,336** |
| | **Distribution of net profit:** | | |
| | Proposed dividends | 7,822 | 11,883 |
| | Retained earnings | (848) | (547) |
| | | **6,974** | **11,336** |

# Statement of Financial Position at 31 December

(DKKk)

| Note | Assets | 2016 | 2015 |
|---|---|---|---|
| | Investment property | 230,000 | 230,000 |
| 5 | **Property, plant and equipment** | **230,000** | **230,000** |
| | **Total non-current assets** | **230,000** | **230,000** |
| | Trade receivables | 5,437 | 6,299 |
| | Receivables from group enterprises | 34,375 | 74,174 |
| | **Receivables** | **39,812** | **80,473** |
| | **Securities** | **166,768** | **134,881** |
| | **Cash and cash equivalents** | **596** | **11** |
| | **Total current assets** | **207,176** | **215,365** |
| | **TOTAL ASSETS** | **437,176** | **445,365** |

# Statement of Financial Position at 31 December

(DKKk)

| Note | Equity and liabilities | 2016 | 2015 |
|---|---|---|---|
| | Share capital | 41,000 | 41,000 |
| | Retained earnings | 200,582 | 200,582 |
| | Proposed dividends | 7,822 | 11,883 |
| | **Equity** | **249,404** | **253,465** |
| 6 | Deferred tax | 8,121 | 8,121 |
| | **Total provisions** | **8,121** | **8,121** |
| | Mortgage debt | 167,436 | 167,385 |
| | Prepayments from customers | 7,375 | 8,843 |
| 7 | **Non-current liabilities** | **174,811** | **176,228** |
| | Prepayments from customers | 3,688 | 4,422 |
| | Trade payables | 191 | 150 |
| | Payables to group enterprises | 259 | 1,708 |
| | Other payables | 702 | 1,271 |
| | **Current liabilities** | **4,840** | **7,551** |
| | **Total liabilities** | **179,651** | **183,779** |
| | TOTAL EQUITY AND LIABILITIES | 437,176 | 445,365 |

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# Statement of Changes in Equity

(Dkkk)

| | Share capital | Retained earnings | Proposed dividends | Total |
|---|---|---|---|---|
| **Equity at 1 January 2015** | **41,000** | **200,214** | **13,653** | **254,867** |
| Paid dividends | 0 | 0 | (13,653) | (13,653) |
| Value adjustments of hedging instruments | 0 | 915 | 0 | 915 |
| Retained earnings | 0 | (547) | 11,883 | 11,336 |
| **Equity at 1 January 2016** | **41,000** | **200,582** | **11,883** | **253,465** |
| Paid dividends | 0 | 0 | (11,883) | (11,883) |
| Value adjustments of hedging instruments | 0 | 848 | 0 | 848 |
| Retained earnings | 0 | (848) | 7,822 | 6,974 |
| **Equity at 31 December 2016** | **41,000** | **200,582** | **7,822** | **249,404** |

41,000 shares per DKK 1,000 constitute the Company's share capital. Share certificates have not been issued.
No shares have special rights.

## 1 Accounting policies

The financial statements for Ejendomsselskabet Gothersgade 55 ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to entities of reporting class B.

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies change in the recognition and measurement in the following area:

- Mortgage loans used to finance investment properties are measured at amotised cost.

In future, mortgage loans used to finance investment properties are recognised at the date of borrowing as the fair value of the net proceeds received less transaction costs paid. After initial recognition mortgage loans are measured at amortised cost.

The change is made in accordance with section 1 of the executive order on transitional provisions allowing the fair value of the mortgage loans used to finance investment properties as of 31 December 2015 to be treated as amortised cost on 1 January 2016 without adjusting the comparative figures.

The above change increases profit before tax for the year by DKKk 531. Tax regarding the change amounts to DKKk 0 after which profit for the year and equity at 31 December 2016 is increased by DKKk 515 while the total balance sheet for 2016 is unchanged.

Apart from the above new and changed presentation and disclosure requirements, which follows from act. No. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

### INCOME STATEMENT

#### Revenue
Revenue comprise income for the year from the leasing of properties and other income in connection therewith.

#### Other external expenses
Other external expenses comprise the property's operating expenses and miscellaneous administrative expenses.

#### Financial income and expenses
Financial income and expenses comprise interest income and expense as well as surcharges and allowances in the tax prepayment scheme.

#### Tax on profit for the year
The Company is assessed jointly for Danish tax purposes with the other domestic entities in the Egmont Group with Egmont International Holding A/S as the administration company of the joint taxation arrangement.

The current tax is allocated through payment of tax contributions between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax losses receive contributions from companies that have used these losses to reduce their own taxable profit (full absorption).

Income tax for the year comprises joint taxation contribution and changes in deferred tax, including as a result

1 Accounting policies (continued)

of changes in tax rates is recognised in the income statement with the portion attributable to the profit and in equity with the portion attributable to items recognised directly in equity.

## BALANCE SHEET

### Property, plant and equipment
Investment properties are measured initially at cost, which includes the property purchase price and costs directly attributable to the acquisition. Subsequently, investment properties are measured at fair value. Changes in fair value are recognised in the income statement as a fair value adjustment of investment properties in the period in which the change occurs.

### Receivables
Receivables are measured at amortised cost. Provisions are made for bad debts based on an individual assessment.

### Dividends
Proposed dividends are recognised as a liability at the time of adoption at the Annual General Meeting (declaration date). The expected dividend payment for the year is shown as a separate item under equity.

### Current tax payable/receivable and deferred taxes
Payable or receivable joint tax contributions are recognised in the balance sheet as "Joint tax receivable" or "Joint tax payable".

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.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future earnings or as a set-off against deferred tax liabilities.

### Financial liabilities 2015 (old accounting policy)
Mortgage loans used to finance investment properties are recognised at the date of borrowing as the fair value of the net proceeds received less transaction costs paid. After initial recognition mortgage loans are measured at fair value through the income statement similar to investment property.

Changes in fair value of the financial liabilities are recognised under financial income/-expenses in the income statement.

Other liabilities are measured at net realisable value.

### Financial liabilities 2016 going forward (new accounting policy)
Mortgage loans used to finance investment properties are recognised at the date of borrowing as the fair value of the net proceeds received less transaction costs paid. After initial recognition mortgage loans are measured at amortised cost.

### Other liabilities are measured at net realisable value

### Derivative financial instruments
Derivative financial instruments are measured in the balance sheet at fair value. Changes in the fair value of derivative financial instruments designated as and qualifying as a hedge of changes in future assets or liabilities are recognised in equity. At that time, any gains or losses resulting from such hedged transactions are transferred to the income statement and recognised under the same item as the hedged item.

| 2 | Financial income | 2016 | 2015 |
|---|---|---|---|
| | Interest income, group enterprises | 696 | 884 |
| | Other financial income | 593 | 0 |
| | **Total** | **1,289** | **884** |

| 3 | Financial expenses | 2016 | 2015 |
|---|---|---|---|
| | Interest expenses, group enterprises | (938) | (1,039) |
| | Other financial expenses | (1,245) | (2,709) |
| | **Total** | **(2,183)** | **(3,748)** |

| 4 | Tax on profit for the year | 2016 | 2015 |
|---|---|---|---|
| | Current tax on profit for the year | 0 | 0 |
| | Lowering of corporate tax rate | 0 | 369 |
| | **Total** | **0** | **369** |

| 5 | Investment property | 2016 | 2015 |
|---|---|---|---|
| | Fair value at 1 January | 230,000 | 230,000 |
| | Fair value adjustment | 0 | 0 |
| | **Fair value at 31 December** | **230,000** | **230,000** |

Investment property consist of a rental property, under a long term lease with a 24 month term of notice. The fair value is calculated according to the net rental method. A valuation model in accordance with that recommended by "Ejendomsforeningen Danmark" has been applied.

The value of the property has been calculated on the basis of its expected operating income (pre-tax return) of about DKK 11 million and a required rate of return of 4.00 % (2015 5.75%), determined on the basis of the general market level and specific circumstances relating to the property.

If the required rate of return increase or decrease by 0.25 %, the fair value of the investment will be affected at the most by approx DKK 19 million.

The property is pledged as security for the company's mortgage debt.

6 Deferred tax

Deferred tax relates to investment property.

Notes (DKKk) 13

| 7 | Non-curent liabilities | Total debt at 31.12.2016 | First year instalment | Remaining debt after 5 years |
|---|---|---|---|---|
| | Mortgage debt | 167,436 | 0 | 155,001 |
| | Prepayments from customers | 7,375 | 0 | 0 |

The company has raised mortgage loans, of which nominal DKK 135 million is instalment-free until July 2020 and nominal DKK 32 million is instalment-free until July 2023.

8 Staff

Besides the management, there are no other employees in the company.
The management is renumerated by Egmont Fonden.

| 9 | Contingent liabilities and collateral | 2016 | 2015 |
|---|---|---|---|
| | Security in land and buildings for mortgage loans of group enterprises | 664,224 | 664,013 |
| | VAT liability of potential disposal of the investment property | 283 | 246 |
| | **Total** | **664,507** | **664,259** |

The Company is jointly taxed with Egmont International Holding A/S, which is the company managing the joint taxation. The Company is jointly and severally liable with the other Danish companies in the joint taxation of corporate taxes and witholding taxes on dividends, interest and royalties. The jointly taxed companies' total amount of income tax payable appears in the annual report of the Egmont International Holding A/S. Any subsequent corrections of taxable joint taxation of income or withholding taxes on dividends, interest and royalties could cause the Company's liability to increase.

10 Financial risks and financial instruments

The Company's policy is to hedge interest rate risks relating to loans when it is assessed that interest payments may be secured at a satisfactory level. The Company's interest rate risks are managed by entering into interest rate swap contracts, with floating-rate loans being converted into fixed-interest loans. The principal amount of interest rate swap contracts concluded by the Company for hedging puposes was DKKk 0 at 31 December 2016 and DKKk 915 at 31 December 2015.

11 Related parties

The company is 100 % owned by Egmont Fonden, Vognmagergade 11, 1148 Copenhagen K and is a part of the consolidated financial statements of the Egmont Group.