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EJENDOMSSELSKABET GOTHERSGADE 55 APS

Annual Report 2021

CVR No.: 13916497

Ejendomsselskabet Gothersgade 55 ApS
Vognmagergade 11
1148 Copenhagen K
Denmark
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

The building is currently undergoing a rooftop improvement including an outdoor cinema.

Revenue amounts to DKK 15.4 million (DKK 15.2 million in 2020). Operating profit amounts to DKK 53.8 million (DKK 11.8 million in 2020). The increase in the operating profit is related to a fair value adjustment of the investment property of DKK 43.1 million and a change in deferred tax of -9.5 DKK million.

Profit before tax is DKK 55.4 million (DKK 12.6 million in 2020).

OUTLOOK

Except from a potential fair value adjustment of the investment property, which is dependent on the development in the rental market, interest rate levels, etc., the Company expects a profit in line with 2021.

EVENTS AFTER THE BALANCE SHEET DATE

No changes after the balance sheet date impacting the financial position at 31 December 2021.

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 2021.

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

2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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, 11 March 2022

MANAGEMENT BOARD:

Hans J. Carstensen

BOARD OF DIRECTORS:

Lars-Johan Jarnheimer
Chair

Merete Eldrup

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 2021, which comprise income statement, balance sheet 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 financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 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 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.

INDEPENDENT AUDITOR'S REPORT

As part of an audit conducted in accordance with ISAs and 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.

Independent Auditor's Report (continued)

- 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.
- 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 note 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, 11 March 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender
State Authorised
Public Accountant
mne21332

Jens Thordahl Nøhr
State Authorised
Public Accountant
mne32212

Income Statement

(DKKK)

Note	2021	2020
Revenue	15,390	15,247
Fair value adjustment of investment property	43,055	0
Other external expenses	(4,675)	(3,399)
Operating profit	53,770	11,848
2 Financial income	2,700	1,947
3 Financial expenses	(1,047)	(1,184)
Profit before tax	55,423	12,611
4 Tax on profit of the year	(9,472)	0
Net profit for the year	45,951	12,611
Distribution of net profit:		
Proposed dividends	12,368	12,611
Retained earnings	33,583	0
	45,951	12,611

Statement of Financial Position at 31 December

(DKKk)

Note	Assets	2021	2020
5	Investment property	273,055	230,000
6	Investment property under construction	28,945	0
	Property, plant and equipment	302,000	230,000
	Total non-current assets	302,000	230,000
	Trade receivables	5,500	5,542
	Receivables from group enterprises	51	45,864
	Loans to group companies	200,000	0
	Prepayments	0	5,694
	Other receivables	140	0
	Receivables	205,691	57,100
7	Securities	0	157,171
	Cash and cash equivalents	7	2
	Total current assets	205,698	214,273
	TOTAL ASSETS	507,698	444,273

Statement of Financial Position at 31 December

(DKKk)

	2021	2020
Equity and liabilities		
Share capital	41,000	41,000
Retained earnings	234,165	200,582
Proposed dividends	12,368	12,611
Equity	287,533	254,193
8 Deferred tax	17,593	8,121
Total provisions	17,593	8,121
Mortgage debt	165,383	165,813
Prepayments from customers	7,694	7,679
9 Non-current liabilities	173,077	173,492
9 Mortgage debt	373	329
Prepayments from customers	3,847	3,840
Trade payables	626	54
Payables to group enterprises	21,240	289
Other payables	3,409	3,955
Current liabilities	29,495	8,467
Total liabilities	202,572	181,959
TOTAL EQUITY AND LIABILITIES	507,698	444,273

- 1 Accounting policies
- 10 Staff
- 11 Contingent liabilities and collateral
- 12 Related parties

Statement of Changes in Equity

(DKKk)

	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2020	41,000	200,582	11,621	253,203
Paid dividends	0	0	(11,621)	(11,621)
Net profit for the year	0	0	12,611	12,611
Equity at 1 January 2021	41,000	200,582	12,611	254,193
Paid dividends	0	0	(12,611)	(12,611)
Net profit for the year	0	33,583	12,368	45,951
Equity at 31 December 2021	41,000	234,165	12,368	287,533

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

The Company's share capital has remained DKK 41,000 thousand over the past 5 years.

1 Accounting policies

The financial statements for Ejendomsselskabet Gothersgade 55 ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to entities of reporting class B with option of certain provisions from class C.

The accounting policies applied in the presentation of the financial statement are consistent with those of the previous year.

INCOME STATEMENT

Revenue

Revenue comprise of income from the rental of properties and other income in connection therewith.

Fair value adjustment of investment property

Fair value adjustment of the investment property is related to the change in the fair value.

Other external expenses

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

Financial income and expenses

Financial income and expenses comprise interest income and expense.

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).

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.

The fair value is calculated according to the net rental method. A valuation model in accordance with the recommendations by "Ejendomsforeningen Danmark".

The most important parameters in the assessment are:

- Rental income (market rent)
- Non-paid operating costs
- Rate of return
- Maintenance
- Deduction for lower rent

Investment property under construction

Property under construction is related to improvement of the rooftop including an outdoor cinema.

Receivables

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

1 Accounting policies (continued)

Securities

Securities consist mainly of listed bonds that are held for investment of excess liquidity and managed in accordance with a documented investment strategy. Securities are measured initially at the listed price at the trade date and subsequently at the listed price at the end of the reporting period using the fair value option. Value adjustments are recognised directly in the income statement under financial income/expenses.

Dividends

Proposed dividends are recognised as a liability at the time of adaption 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.

Financial liabilities

Mortgage loans used to finance investment properties are recognized 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 amortized cost.

Other liabilities are measured at net realizable value.

2 Financial income	2021	2020
Interest income, group enterprises	2,315	1,078
Other financial income	385	869
Total	2,700	1,947
3 Financial expenses		
Interest expenses, group enterprises	(27)	0
Other financial expenses	(1,020)	(1,184)
Total	(1,047)	(1,184)
4 Tax on profit for the year		
Current tax on profit for the year	0	0
Deferred tax	(9,472)	0
Total	(9,472)	0
5 Investment property		
Fair value at 1 January	230,000	230,000
Fair value adjustment	43,055	0
Fair value at 31 December	273,055	230,000

Investment property consist of a rental property, under a long term lease with a 24 month term of notice.

The value of the property has been calculated on the basis of its expected operating income (pre-tax return) of about DKK 18.2 million (2020: 18.5 million) and a required rate of return of 3% (2020: 3.25%), 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 by approximately DKK 33 million (2020: 30 million).

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

6 Investment property under construction		
Cost at 1 January	0	0
Additions	28,945	0
Cost at 31 December	28,945	0

7 Securities

The bonds have been sold during the year.

8 Deferred tax

Deferred tax relates to investment property.

9 Non-current liabilities	Total debt at 31.12.2021	First year instalment	Remaining debt after 5 years
Mortgage debt	165,756	373	163,843
Prepayments from customers	7,694	0	0

The company has raised mortgage loans with a notional value of DKK 166 million with deferred amortizations. Amortizations will start in 2031.

As the underlying bonds currently have negative interest rates, the negative interest rate is converted to extraordinary instalments.

Prepayments from customers relate to deposits paid by the tenants.

10 Staff

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

11 Contingent liabilities and collateral	2021	2020
Security in land and buildings for mortgage loans of group enterprises	658,482	659,885
VAT liability of potential disposal of the investment property	9,504	5,404
Total	667,986	665,289

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 withholding 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.

12 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.