

EGMONT

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EJENDOMSSELSKABET VOGNMAGERGADE 11 APS

Annual Report 2017

CVR No.: 13916535

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Management's review

MAIN ACTIVITY

The Company's main activity is to rent out office and retail space from its property. Parts of the property is leased to enterprises in the Egmont Group.

DEVELOPMENT IN ACTIVITIES AND FINANCIAL MATTERS

Revenue amounts to DKK 67.3 million (2016: DKK 67.3 million). Operating profit before net financials amounts to DKK 9.3 million against DKK 9.5 million in 2016.

The profit before tax is DKK 11.2 million (2016: DKK 6.1 million). The increase compared to last year is due to lower refurbishment costs and improvement of financial items.

OUTLOOK

The occupancy rate is expected to be at an unchanged stable level in 2018.

EVENTS AFTER THE BALANCE SHEET DATE

No changes after the balance sheet date impacting the financial position at 31 December 2017.

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 Vognmagergade 11 ApS for the financial year 1 January – 31 December 2017.

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

2017, and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

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, 21 March 2018

MANAGEMENT BOARD:

Hans J. Carstensen

BOARD OF DIRECTORS:

Lars-Johan Jarnheimer
Chairman

Torben Ballegaard

Steffen Kragh

Independent Auditor's Report

TO THE SHAREHOLDERS OF EJENDOMSSELSKABET VOGNMAGERGADE 11 APS

OPINION

We have audited the financial statements of Ejendoms-selskabet Vognmagergade 11 ApS for the financial year 1 January – 31 December 2017, 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 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 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' 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.

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.

- 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, 21 March 2018

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jesper Koefoed
State Authorised
Public Accountant
MNE no.: mne11689

Anders Stig Lauritsen
State Authorised
Public Accountant
MNE no.: mne32800

Income Statement

(DKKK)

Note	2017	2016
Revenue	67,261	67,334
Other operating income	181	181
Other external expenses	(30,713)	(34,768)
5 Depreciation; property plant and equipment	(27,438)	(23,214)
Operating profit	9,291	9,533
2 Financial income	5,280	5,191
3 Financial expenses	(3,383)	(8,628)
Profit before tax	11,188	6,096
4 Tax on profit for the year	3,753	(835)
Net profit for the year	14,941	5,261
Distribution of net profit:		
Proposed dividends	38,645	32,704
Retained earnings	(23,704)	(27,443)
	14,941	5,261

Statement of Financial Position at 31 December

(DKKk)

Note	Assets	2017	2016
	Land and buildings	666,398	688,920
	Tools and equipment	258	231
	Property, plant and equipment under construction	1,503	97
5	Property, plant and equipment	668,159	689,248
	Total non-current assets	668,159	689,248
	Trade receivables	10,698	8,182
	Receivables from group enterprises	2,406	2,364
	Other receivables	1	0
6	Deferred Tax	6,828	3,075
	Receivables	19,933	13,621
	Securities	393,119	392,214
	Cash and cash equivalents	1,761	1,177
	Total current assets	414,813	407,012
	TOTAL ASSETS	1,082,972	1,096,260

Statement of Financial Position at 31 December

(DKKk)

Equity and liabilities	2017	2016
Share capital	90,000	90,000
Retained earnings	239,174	262,878
Proposed dividends	38,645	32,704
Equity	367,819	385,582
Mortgage debt	662,100	664,224
Prepayments from customers	5,900	4,824
7 Non-current liabilities	668,000	669,048
7 Mortgage debt	1,450	0
Prepayments from customers	22,402	21,560
Trade payables	2,943	3,213
Payables to group enterprises	15,666	13,924
Other payables	4,692	2,933
Current liabilities	47,153	41,630
Total liabilities	715,153	710,678
TOTAL EQUITY AND LIABILITIES	1,082,972	1,096,260

- 1 Accounting policies
- 8 Staff
- 9 Contingent liabilities and collateral
- 10 Related parties

Statement of Changes in Equity

(DKKk)

	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2016	90,000	286,927	17,672	394,599
Paid dividends	0	0	(17,672)	(17,672)
Value adjustments of hedging instruments	0	3,394	0	3,394
Retained earnings	0	(27,443)	32,704	5,261
Equity at 1 January 2017	90,000	262,878	32,704	385,582
Paid dividends	0	0	(32,704)	(32,704)
Retained earnings	0	(23,704)	38,645	14,941
Equity at 31 December 2017	90,000	239,174	38,645	367,819

90,000 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 Vognmagergade 11 ApS for 2017 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to entities of reporting class B.

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

INCOME STATEMENT

Revenue

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

Other operating income

Other operating income comprise items secondary to the principal activities of the company.

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 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 recognized directly in equity.

BALANCE SHEET

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment. Depreciation is based on cost less any residual value at the end of useful life. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use

When individual components of an item of property, plant and equipment have different useful lives, the cost of such individual components is accounted for and depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives, based on the following estimates of the useful lives of the assets:

Buildings	50 years
Leasehold improvements for new tenants	Period of the lease
Installations and conversions (the useful life depends on the nature of conversion)	10-20 years

Property, plant and equipment under construction and land are not depreciated.

Depreciation is made on the basis of the asset's residual value less any impairment losses. The residual value and useful life of the assets are reassessed every year. If the residual value exceeds the carrying amount, depreciation is discontinued.

1 Accounting policies (continued)

In case of changes in the useful life or the residual value, the effect on depreciation is recognised prospectively as a change in accounting estimates.

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

Financial liabilities are recognised at amortised cost. Other liabilities are measured at net realisable value.

2 Financial income	2017	2016
Interest income, group enterprises	3,002	2,766
Other financial income	2,278	2,425
Total	5,280	5,191
3 Financial expenses		
Interest expenses, group enterprises	(90)	(5,384)
Other financial expenses	(3,293)	(3,244)
Total	(3,383)	(8,628)
4 Tax on profit for the year		
Current tax on profit for the year	0	0
Deferred tax	3,753	(160)
Deferred tax adjustments for prior years	0	(675)
Total	3,753	(835)

5 Property, plant and equipment	Land and buildings	Tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2017	922,615	375	97	923,087
Additions	4,733	113	1,503	6,349
Transferred	97	0	(97)	0
Cost of assets disposed of	(4,400)	0	0	(4,400)
Cost at 31 December 2017	923,045	488	1,503	925,036
Depreciation and impairment losses at 1 January 2017	(233,695)	(144)	0	(233,839)
Depreciation	(27,352)	(86)	0	(27,438)
Depreciation and impairment losses of assets disposed of	4,400	0	0	4,400
Depreciation and impairment losses at 31 December 2017	(256,647)	(230)	0	(256,877)
Carrying amount at 31 December 2017	666,398	258	1,503	668,159

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

- 6 Deferred tax**
Deferred tax relates to property, plant and equipment.

7 Non-current liabilities	Total debt at 31.12.2017	First year instalment	Remaining debt after 5 years
Mortgage debt	663,550	1,450	584,847
Prepayments from customers	28,302	22,402	0

The company has raised mortgage loans, of which nominal DKK 540 million is instalment-free until April 2020 and nominal DKK 130 million is instalment-free until April 2023.

As the underlying bonds have a negative interest rate, the negative interest rate is converted into extraordinary amortizations.

8 Staff

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

9 Contingent liabilities and collateral	2017	2016
Security in land and buildings for mortgage loans of group enterprises	167,272	167,436
VAT liability of potential disposal of the land and buildings	17,906	18,898
Total	185,178	186,334

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.

10 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.