

# Ejendomsselskabet af Januar 2002 P/S


Fridtjof Nansens Plads 5, 2100 København Ø

CVR no. 26 36 93 47

## Annual report 2019

Approved at the Company's annual general meeting on 19 May 2020

Chairman:



Carl Edgar Serge Vøgg





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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Ejendomsselskabet af Januar 2002 P/S for the financial year 1 January - 31 December 2019.

The annual report is 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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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, 19 May 2020  
Executive Board:

.....  
Katia Ciesielska

Board of Directors:

.....  
Carl Edgar Serge Vøgg  
Chairman

.....  
Harry Duncan MacDonald

.....  
Katia Ciesielska

## Independent auditor's report

To the shareholders of Ejendomsselskabet af Januar 2002 P/S

### Opinion

We have audited the financial statements of Ejendomsselskabet af Januar 2002 P/S for the financial year 1 January - 31 December 2019, which comprise 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 financial position of the Company at 31 December 2019 and of the results of the Company's operations 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 (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 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 the 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 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 the 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 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 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 Statement Act. We did not identify any material misstatement of the Management's review.

Odense, 19 May 2020

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Morten Schougaard Sørensen  
State Authorised Public Accountant  
mne32129



## Management's review

### Company details

Name	Ejendomsselskabet af Januar 2002 P/S
Address, Postal code, City	Fridtjof Nansens Plads 5, 2100 København Ø
CVR no.	26 36 93 47
Established	10 December 2001
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	Carl Edgar Serge Vøgg, Chairman Harry Duncan MacDonald Katia Ciesielska
Executive Board	Katia Ciesielska
General Partner	Ejendomsselskabet af Januar 2002 Komplementarselskab ApS Fridtjof Nansens Plads 5 2100 København Ø
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark

## **Management's review**

### **Business review**

The company's purpose is to own and hold shares in companies, buying, selling and renting real estate and any other related business.

### **Recognition and measurement uncertainties**

As the company is engaged in development of investment properties, the Company is affected by changes in the property market, including the general level of interest rates and economic conditions. For a description of significant assumptions for the fair value recognition as 31 December 2019 please refer to note 4.

### **Financial review**

The income statement for 2019 shows a profit of DKK 50,551,338 against a profit of DKK 37,422,449 last year, and the balance sheet at 31 December 2019 shows equity of DKK 381,866,173. The profit is influenced by a fair value adjustment of the investment properties and sale of property. The net gain on sale of properties and fair value adjustment is approximate DKK 54,269 thousand.

Management considers the company's financial performance in the year as expected.

### **Events after the balance sheet date**

Denmark and the rest of the world are affected by COVID-19 virus in 2020. Management does not expect the outbreak of the virus to have a significant impact on the valuation of the property or the company's financial position.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2019	2018
	<b>Gross profit</b>	34,816,124	29,694,859
2	Staff costs	0	0
	<b>Operating profit before fair value adjustments</b>	34,816,124	29,694,859
	Fair value adjustment of investment property	20,222,175	10,784,941
	<b>Profit before net financials</b>	55,038,299	40,479,800
	Other financial income from group enterprises	317,142	297,115
	Financial income	46,679	118,805
	Financial expenses, group enterprises	0	-249,558
	Other financial expenses	-4,850,782	-3,223,713
	<b>Profit for the year</b>	<u>50,551,338</u>	<u>37,422,449</u>
	<b>Recommended appropriation of profit</b>		
	Proposed dividend recognised under equity	56,000,000	9,599,428
	Extraordinary dividend distributed in the year	16,500,000	15,500,000
	Retained earnings/accumulated loss	-21,948,662	12,323,021
		<u>50,551,338</u>	<u>37,422,449</u>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2019</u>	<u>2018</u>
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
3	Property, plant and equipment		
4	Investment property	563,410,000	590,430,000
		<u>563,410,000</u>	<u>590,430,000</u>
5	<b>Investments</b>		
	Other receivables	20,733,402	23,592,642
		<u>20,733,402</u>	<u>23,592,642</u>
	<b>Total fixed assets</b>	<u>584,143,402</u>	<u>614,022,642</u>
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Receivables from group enterprises	36,033,970	9,599,428
	Other receivables	161,651	225,657
	Prepayments	220,294	228,692
		<u>36,415,915</u>	<u>10,053,777</u>
	<b>Cash</b>	15,657,102	16,248,248
	<b>Total non-fixed assets</b>	<u>52,073,017</u>	<u>26,302,025</u>
	<b>TOTAL ASSETS</b>	<u><u>636,216,419</u></u>	<u><u>640,324,667</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2019	2018
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	5,000,000	5,000,000
	Retained earnings	320,866,173	342,828,889
	Dividend proposed	56,000,000	9,599,428
	<b>Total equity</b>	<u>381,866,173</u>	<u>357,428,317</u>
	<b>Provisions</b>		
	Other provisions	5,785,052	5,884,677
7	<b>Total provisions</b>	<u>5,785,052</u>	<u>5,884,677</u>
	<b>Liabilities other than provisions</b>		
6	<b>Non-current liabilities other than provisions</b>		
	Mortgage debt	244,648,692	272,177,478
	Deposits	2,819,556	2,950,889
		<u>247,468,248</u>	<u>275,128,367</u>
	<b>Current liabilities other than provisions</b>		
6	Mortgage debt	754,527	1,310,380
	Trade payables	0	202,211
	Other payables	342,419	370,715
		<u>1,096,946</u>	<u>1,883,306</u>
	<b>Total liabilities other than provisions</b>	<u>248,565,194</u>	<u>277,011,673</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>636,216,419</u>	<u>640,324,667</u>

1 Accounting policies

8 Collateral

9 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed	Total
Equity at 1 January 2018	5,000,000	330,831,300	15,909,581	351,740,881
Transfer through appropriation of profit	0	27,823,021	9,599,428	37,422,449
Adjustment of hedging instruments at fair value	0	-325,432	0	-325,432
Dividend distributed	0	0	-15,909,581	-15,909,581
Proposed extraordinary dividend recognised under equity	0	-15,500,000	0	-15,500,000
<b>Equity at 1 January 2019</b>	<b>5,000,000</b>	<b>342,828,889</b>	<b>9,599,428</b>	<b>357,428,317</b>
Transfer through appropriation of profit	0	-5,448,662	56,000,000	50,551,338
Adjustment of hedging instruments at fair value	0	-14,054	0	-14,054
Dividend distributed	0	0	-9,599,428	-9,599,428
Proposed extraordinary dividend recognised under equity	0	-16,500,000	0	-16,500,000
<b>Equity at 31 December 2019</b>	<b>5,000,000</b>	<b>320,866,173</b>	<b>56,000,000</b>	<b>381,866,173</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Ejendomsselskabet af Januar 2002 P/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

#### Income statement

##### Revenue

Rent comprises rental income from the leases of properties. Rent is recognised on an accruals basis.

Rent is measured net of all types of discounts/rebates granted. Also, rent is measured net of VAT and other indirect taxes charged on behalf of third parties.

##### Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Property expenses', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross margin'.

##### Property expenses

Includes costs associated with the operation and administration of investment properties, repairment and maintenance, property taxes and other expenses which are not paid by tenants.

##### Other external expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses etc.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Property, plant and equipment

In Management's opinion the classification of the properties as investment properties did not cause any difficulties.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

In Management's opinion the determination of fair value for the year was enabled through comparable market transactions and, consequently, valuation is based on the expected selling price of investment properties including portfolio discount.

The valuation is not based on the statement from an external assessor.

The estimates applied are based on historical information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

##### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

##### Equity

##### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### Provisions

Other provisions comprise expected maintenance liabilities in accordance with section 22 of the Danish Rent Act. Provisions are recognised when, as a result of past events, the Company has legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### 2 Staff costs

The Company has no employees.

#### 3 Property, plant and equipment

DKK	<u>Investment property</u>
Cost at 1 January 2019	265,669,107
Additions	317,344
Disposals	-19,566,803
Transferred	-32,950
Cost at 31 December 2019	<u>246,386,698</u>
Revaluations at 1 January 2019	324,760,893
Value adjustments for the year	20,222,175
Reversal of accumulated revaluation of disposals	-27,992,716
Transferred	32,950
Revaluations at 31 December 2019	<u>317,023,302</u>
<b>Carrying amount at 31 December 2019</b>	<u><u>563,410,000</u></u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 4 Investment property

##### *Fair value estimation*

The Company's management believes that the selected accounting policies, where investment properties are measured at fair value, provides the best presentation of the Company's assets and liabilities, the financial position, and the results of its operations.

The best documentation for the fair value of the Company's investment properties is current prices in an active market for similar investment properties. In the lack of such information, the fair value is determined within a range of probable calculated estimates of the fair value, defined as the value between a qualified willing buyer and a qualified willing seller based on the conditions on the balance sheet date.

The company has an ongoing divestment of apartments when these become vacant. The valuation is based on a DCF-model where the most significant parameters are

- ▶ The latest gained sales prices
- ▶ Estimated annual sales of apartments
- ▶ Estimated growth in sales prices
- ▶ Rate of inflation
- ▶ WACC

The valuation is based on a WACC of 4.68% (2018: 4.78%), annual sales of 5.25% (2018: 5.65%) of the portfolio, growth in sales prices 0.68% (2018: 0.78%) and inflation rate of 0.68% (2018: 0.78%).

If the WACC is increased 0.25% the value of the properties would be reduced by DKK 15.0 million and if WACC was reduced by 0.25% the value would be increased by DKK 15.8 million.

If sales per year is changed to 5.5% the value would increase by DKK 9.5 million and if sale per year is changed to 5.0 the value would decrease by DKK 10.0 million.

#### 5 Investments

DKK	Other receivables
Cost at 1 January 2019	23,592,642
Additions	3,421,689
Disposals	-6,280,929
Cost at 31 December 2019	20,733,402
<b>Carrying amount at 31 December 2019</b>	<b>20,733,402</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 239,784 thousand falls due for payment after more than 5 years after the balance sheet date.

#### 7 Provisions

Maintenance liabilities BRL § 22, DKK 5,785,052

Maintenance liabilities related to BRL § 22 are expected to fall due within 2-5 years.

#### 8 Collateral

As security for the Company's mortgage debt, the Company has placed assets with carrying amount of DKK 563,410 thousand.

#### 9 Related parties

#### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Cornway Ltd.	Cyprus	Giannou Kranidioti & Spyrou Kyprianou, 1st Floor, Nicosia 1065 Cyprus