

# **Copenhagen Airports Denmark Holdings ApS**

c/o Azets Insight A/S  
Lyskær 3 CD  
2730 Herlev

CVR No. 29144257

## **Annual Report 2018**

13. financial year

The Annual Report was presented and  
adopted at the Annual General Meeting of  
the Company on 31 May 2019

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Morten Eriksen  
Chairman

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## **Management's Statement**

Today, Management has considered and adopted the Annual Report of Copenhagen Airports Denmark Holdings ApS for the financial year 1 January 2018 - 31 December 2018.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

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

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 31 May 2019

### **Executive Board**

Charles Thomazi

Mia Line Byrk

Ulrik Dan Weuder

David Mark Stanton

## Independent Auditor's Report

### To the shareholders of Copenhagen Airports Denmark Holdings ApS

#### Opinion

We have audited the financial statements of Copenhagen Airports Denmark Holdings ApS for the financial year 1 January 2018 - 31 December 2018, which comprise an income statement, balance sheet and notes. 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 financial position at 31 December 2018 and of the results of its operations for the financial year 1 January 2018 - 31 December 2018 in accordance with the Danish Financial Statements Act.

#### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Statement on 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 opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements 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 with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

#### 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 as Management considers 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

#### The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements

## **Independent Auditor's Report**

can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional skepticism throughout the audit. We also:

- \* Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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 whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- \* Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- \* Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 which we identify during our audit.

Copenhagen, 31 May 2019

**PricewaterhouseCoopers**  
**Statsautoriseret Revisionspartnerselskab**  
CVR-no. 33771231

Søren Ørjan Jensen  
State Authorised Public Accountant  
mne33226

## Copenhagen Airports Denmark Holdings ApS

### Company details

<b>Company</b>	Copenhagen Airports Denmark Holdings ApS c/o Azets Insight A/S Lyskær 3 CD 2730 Herlev
CVR No.	29144257
Date of formation	18 October 2005
Registered office	Herlev
Financial year	1 January 2018 - 31 December 2018
<b>Executive Board</b>	Charles Thomazi Mia Line Byrk Ulrik Dan Weuder David Mark Stanton
<b>Parent Company</b>	Kastrup Airports Parent ApS c/o Azets Insight A/S Lyskær 3CD 2730 Herlev
<b>Administration company</b>	Kastrup Airports Parent ApS c/o Azets Insight A/S Lyskær 3CD 2730 Herlev
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup CVR-no.: 33771231

## Management's Review

### The Company's principal activities

The Company's principal activities consist in holding of shares in other companies and the funding of these shareholdings.

### Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2018 - 31 December 2018 shows a result of DKK -812.840.703 and the Balance Sheet at 31 December 2018 a balance sheet total of DKK 5.116.753.113 and an equity of DKK 4.294.638.313.

### Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

### Expectations for the future

The Company expects its operations to develop positively next year.

### Key risks

A key risk faced by the Company relates to uncertainty surrounding the claims made by the Danish tax authorities regarding the collection of withholding taxes on dividends and interest between 2006 and 2010.

The Danish Tax Authority (SKAT) has made various tax claims against Copenhagen Airports Denmark Holdings ApS (CADH) regarding the collection of withholding tax. CADH has disputed all the claims made against it.

On 26th February 2019 the European Court of Justice (ECJ) ruled in a few test cases in favour of the Government position. These covered similar issues to those of CADH relating to withholding tax for interest and dividends. The ruling will now be considered by the Danish Courts. Consequently, CADH has made a provision and write down of receivables in the 2018 accounts for the dividend withholding tax amount. Depending on the outcome of the ruling by the Danish courts on the withholding tax cases, and ongoing work being undertaken on the actual flow of final dividends to the ultimate beneficiaries, uncertainty remains on the final amount including late payment interest.

CADH continues to work closely with its advisors to progress the appeals process. Refer to note 11 for further description.

### Report on Corporate Social Responsibility and the Gender Composition in Management, cf. Sections 99 a & 99 b of the Danish Financial Statements Act

CADH is part of the Kastrup Airports Parten ApS Group ("KAP group"). The KAP group reports on the work carried out in relation to corporate social responsibility and increasing the underrepresented gender in management at group level. For information on this work, please refer to Management's Review in KAP.

## Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

*Numbers appear in thousands*

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Operating profit/loss	-1.087	-2.176	-1.315	-1.980	-1.300
Financial income	544.994	367.816	368.824	367.816	368.005
Financial expenses	-1.276.101	-1.848	-2.473	-2.236	-54
Profit/loss before tax and extraordinary items	-732.193	363.792	365.035	363.600	366.651
Profit/loss for the year	-812.841	283.758	284.728	278.154	276.822
Total equity	4.294.638	5.120.908	4.837.150	4.727.794	4.763.178
Total fixed assets	4.919.587	4.333.101	4.333.101	4.333.101	4.333.101
Return on capital employed (%)	10	7	7	7	7
Return on equity (ROE) (%)	-17	6	6	6	6
Solvency ratio (%)	84	90	91	92	94

For definitions of key ratios, see Accounting and Valuation Principles



## **Accounting Policies**

### **Reporting Class**

The Annual Report of Copenhagen Airports Denmark Holdings ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

### **Reporting currency**

The Annual Report is presented in Danish kroner.

### **Translation policies**

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

## **General Information**

### **Basis of recognition and measurement**

The financial statement have been prepared under the historical cost principal.

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

The accounting value of intangible and tangible assets are examined on a yearly basis to determine if there are any indications of impairment. If this is the case, an impairment will be made to reduce the carrying amount of the asset to its recoverable amount.

## Accounting Policies

### Income Statement

#### Other external expenses

Other operating expenses comprise items of a secondary nature to the core activities of the enterprises, e.g. administration, audit etc.

#### Income from investments in group enterprises and associates

Income from equity investments comprises dividends received from group enterprises in so far as they do not exceed the accumulated earnings in the group enterprise or the associate during the ownership period.

#### Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised exchange adjustments and amortisation of loans.

#### Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

### Balance Sheet

#### Equity investments in group enterprises

Equity investments in group enterprises are measured at cost. Dividends that exceed accumulated earnings of the group enterprise during the ownership period are treated as a reduction of the cost. If cost exceeds the net realisable value, a write-down to this lower value will be performed.

#### Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities with insignificant risk of value changes.

#### Equity

Proposed dividend for the year is recognised as a separate item in equity.

#### Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

## Accounting Policies

### Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

### Other paybles

Other paybles are measured at amortised cost which usually corresponds to the nominal value.

### Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

## Accounting policies Cash Flow Statement

According to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared.

The cash flow statement is part of the cash flow statement in the consolidated financial statements for Kastrup Airport Parent ApS, Denmark.

## Explanation of financial ratios

Return on equity (%)	=	$\frac{\text{Profit/loss for the year}}{\text{Avg. equity}}$
Return on capital employed (%)	=	$\frac{(\text{Operating profit} + \text{Financial income}) \times 100}{\text{Avg. assets}}$
Solvency ratio (%)	=	$\frac{\text{Total equity} \times 100}{\text{Total assets}}$

**Income Statement**

	Note	2018 kr.	2017 kr.
Other external expenses	1	-1.086.667	-2.175.990
<b>Profit from ordinary operating activities</b>		<b>-1.086.667</b>	<b>-2.175.990</b>
Income from investments in group enterprises and associates		177.177.976	0
Other finance income from group enterprises	2	367.816.316	367.816.316
Other finance expenses	3	-1.276.100.924	-1.848.157
<b>Profit from ordinary activities before tax</b>		<b>-732.193.299</b>	<b>363.792.169</b>
Tax expense on ordinary activities	4	-80.647.404	-80.034.277
<b>Profit</b>	5	<b>-812.840.703</b>	<b>283.757.892</b>

Copenhagen Airports Denmark Holdings ApS

Balance Sheet as of 31 December

	Note	2018 kr.	2017 kr.
<b>Assets</b>			
Long-term investments in group enterprises	6	1.896.426.389	1.309.941.053
Long-term receivables from group enterprises	7	3.023.147.800	3.023.147.800
Deposits, investments		12.500	12.500
<b>Investments</b>		<b>4.919.586.689</b>	<b>4.333.101.353</b>
<b>Fixed assets</b>		<b>4.919.586.689</b>	<b>4.333.101.353</b>
Short-term receivables from group enterprises	8	192.319.732	193.723.302
Short-term tax receivables	9	0	1.088.514.818
<b>Receivables</b>		<b>192.319.732</b>	<b>1.282.238.120</b>
<b>Cash and cash equivalents</b>		<b>4.846.692</b>	<b>59.632.030</b>
<b>Current assets</b>		<b>197.166.424</b>	<b>1.341.870.150</b>
<b>Assets</b>		<b>5.116.753.113</b>	<b>5.674.971.503</b>

## Balance Sheet as of 31 December

	Note	2018 kr.	2017 kr.
<b>Liabilities and equity</b>			
Contributed capital		12.100.000	12.010.000
Retained earnings		4.282.538.313	4.851.838.610
Proposed dividend recognised in equity	10	0	257.059.178
<b>Equity</b>		<b>4.294.638.313</b>	<b>5.120.907.788</b>
Trade payables		198.365	232.175
Payables to group enterprises		553.833.540	473.797.263
Tax payables		187.435.491	0
Tax payables to group enterprises		80.647.404	80.034.277
<b>Short-term liabilities other than provisions</b>		<b>822.114.800</b>	<b>554.063.715</b>
<b>Liabilities other than provisions within the business</b>		<b>822.114.800</b>	<b>554.063.715</b>
<b>Liabilities and equity</b>		<b>5.116.753.113</b>	<b>5.674.971.503</b>
Contingent liabilities	11		
Uncertainty regarding tax cases	12		
Collaterals and securities	13		
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Copenhagen Airports Denmark Holdings ApS

Statement of changes in Equity

	Contributed capital	Proposed dividend recognised in equity	Retained earnings	Total
Equity 1 January 2018	12.010.000	257.059.178	4.851.838.610	5.120.907.788
Increase of capital	90.000	0	586.395.333	586.485.333
Dividend paid	0	-257.059.178	0	-257.059.178
Profit (loss)	0	0	-812.840.703	-812.840.703
Extraordinary dividend paid	0	-342.854.927	0	-342.854.927
<b>Equity 31 December 2018</b>	<b>12.100.000</b>	<b>-342.854.927</b>	<b>4.625.393.240</b>	<b>4.294.638.313</b>

The share capital has increased by DKK 90.000 to DKK 12.100.000 in 2018 (2014-17: DKK 12.010.000)

## Notes

**1. Executive board fee**

The executive board have not received any fee in 2018 (2017: DKK0.1 million)

	2018	2017
<b>2. Other finance income from group enterprises</b>		
Other finance income from group enterprises	367.816.316	367.816.316
	<b>367.816.316</b>	<b>367.816.316</b>

**3. Other finance expenses**

Interest on debt to financial institutions and other loans, etc.

Other financing costs

150.615	1.848.157
1.275.950.309	0
<b>1.276.100.924</b>	<b>1.848.157</b>

During the year the company have written down receivables related to the tax cases, DKK 1.276 million (2017: DKK 0). The write down is recognised as other finance expenses.

**4. Tax expense**

Tax expense for the year

80.647.404	80.034.277
<b>80.647.404</b>	<b>80.034.277</b>

**5. Proposed distribution of results**

Proposed dividend recognised in equity

Retained earnings

0	257.059.178
-812.840.703	26.698.714
<b>-812.840.703</b>	<b>283.757.892</b>

**6. Disclosure in long-term investments in group enterprises and associates**

*Group enterprises*

Name	Registered office	Share held in %	Equity	Profit
Copenhagen Airports Denmark ApS	Copenhagen	100	1.127.441.897	180.576.756
			<b>1.127.441.897</b>	<b>180.576.756</b>

	2018	2017
<b>7. Long-term receivables from group enterprises</b>		
Loan facility to CAD	3.023.147.800	3.023.147.800
	<b>3.023.147.800</b>	<b>3.023.147.800</b>

All loans are due after 5 years.

The Company has given a letter of subordination to its subsidiary regarding interest and repayment (cf. note 6) on loans until the subsidiary has sufficient liquidity.

**8. Short-term receivables from group enterprises**

Receivables interest

192.319.732	193.723.302
<b>192.319.732</b>	<b>193.723.302</b>



## Notes

### 9. Short-term tax receivables

CADH have written down the receivable relating to the withholding tax on interest deductibility following the ECJ ruling. However there remains uncertainty as to the final outcome of the case due to ongoing work being undertaken.

Refer to note 11 for further description.

	2018	2017
<b>10. Proposed dividend for the financial year</b>		
Balance at the beginning of the year	257.059.178	0
Additions during the year	342.854.927	257.059.178
Paid during the year	-599.914.105	0
<b>Balance at the end of the year</b>	<b>0</b>	<b>257.059.178</b>

### 11. Contingent liabilities

The Company is jointly taxed with the other enterprises in the group and are jointly and severally liable for the taxes that concern the joint taxation.

The Company is jointly and severally liable for the tax liabilities of its subsidiaries and has a subsidiary liability for the tax liabilities of its parent, Kastrup Airports Parent ApS.

The total amount appears from the annual report of Kastrup Airports Parent ApS which is the administration company in the joint taxation.

### 12. Uncertainty regarding tax cases

On 26th February 2019 the European Court of Justice (ECJ) ruled in a few test cases in favour of the Government position. These covered similar issues to those of CADH relating to withholding tax for interest and dividends. The ruling will now be considered by the Danish Courts.

In 2017, an amount was paid to the tax authorities covering the withholding tax on the interest part of the case. A receivable was also set up in the CADH 2017 accounts. Following the ruling, CADH have fully written down the receivable relating to the withholding tax on interest withholding. However a significant uncertainty exists regarding the final outcome in the courts, and CADH will continue to pursue a positive outcome. In addition, at the date of these accounts there is work underway, but not yet complete, which has the potential to reduce the quantum in dispute in respect of both the interest withholding and dividend withholding matters.

Due to the ruling by the ECJ, CADH has made a provision and write down of receivable in the 2018 accounts for the potential dividend withholding tax liability of DKK187,435,491 for the period 2006-2008. Due to the continued uncertainty as to whether CADH will ultimately win both the withholding tax cases, no further provision and write down of receivable has been made for either the interest or the dividend cases.

If CADH were ultimately to lose all matters of the withholding tax cases this would increase the risk of further financial losses.

### 13. Collaterals and securities

The Company has pledged its shares in Copenhagen Airports Denmark ApS as security for the bank debt held by Copenhagen Airports Denmark ApS. The book value of the shares is DKK 1.896.426.389.

## Notes

### 14. Related parties

Copenhagen Airports Denmark ApS (CAD), company reg. (CVR) no. 29144249 is directly controlled by CADH with CADH being directly controlled by Kastrup Airports Parent ApS (KAP), company reg. (CVR) no. 33781903. The ultimate controlling shareholders of CAD, CADH and KAP are Arbejdsmarkedets Tillægspension (ATP) and Ontario Teachers' Pension Plan Board (OTPP), via OTTP underlying holding company and ATP directly.

KAP is the ultimate holding company of CADH. The consolidated annual report of KAP, in which CADH is included as a subsidiary, may be obtained from KAP through Azets Insight A/S, Lyskær 3C, 2730 Herlev, Denmark.

CAD owns 59.3% of both the shares and voting rights in CPH.

All transactions between the company and its related parties have been on general market conditions. For additional information on OTPP and ATP, see [www.otpp.com](http://www.otpp.com) and [www.atp.dk](http://www.atp.dk).

### 15. Fees for auditors elected on the general meeting

Refer to the audit cost in the consolidated annual report.