

KIRKBI Invest A/S

Koldingvej 2
7190 Billund

CVR no. 31 15 98 30

Annual report for 2019

Adopted at the annual general
meeting on 30 April 2020

chairman

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KIRKBI Invest A/S

Statement by management on the annual report

The management has today discussed and approved the annual report of KIRKBI Invest A/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 company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the shareholder at the annual general meeting.

Billund, 22 April 2020

Executive management

Søren Thorup Sørensen

Board of directors

Kjeld Kirk Kristiansen
chairman

Sidsel Marie Kristensen

Søren Thorup Sørensen

Independent auditor's report

To the shareholder of KIRKBI Invest A/S

Opinion

We have audited the financial statements of KIRKBI Invest A/S for the financial year 1 January - 31 December 2019, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under 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 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 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 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 the 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.

Independent auditor's report

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 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 these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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.
- 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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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 management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover 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 management's review and, in doing so, consider whether 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 management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 management's review.

Aarhus, 22 April 2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Thomas Rosquist Andersen
State Authorised Public Accountant
MNE no. mne31482

Nikolaj Thomsen
State Authorised Public Accountant
MNE no. mne33276

KIRKBI Invest A/S

Company details

The company

KIRKBI Invest A/S
Koldingvej 2
7190 Billund

CVR no.: 31 15 98 30

Reporting period: 1 January - 31 December 2019

Domicile: Billund

Board of directors

Kjeld Kirk Kristiansen, chairman
Sidsel Marie Kristensen
Søren Thorup Sørensen

Executive management

Søren Thorup Sørensen

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Værkmestergade 2
8000 Aarhus

Consolidated financial statements

The company is included in the consolidated financial statements of the parent company KIRKBI A/S, Billund.

Financial highlights

Seen over a 5-year period, the development of the company may be described by means of the following financial highlights:

	<u>2019</u> m.DKK	<u>2018</u> m.DKK	<u>2017</u> m.DKK	<u>2016</u> m.DKK	<u>2015</u> m.DKK
Key figures					
Profit/loss					
Revenue	1,338	1,071	889	997	1,069
Profit from ordinary operating activities	1,036	847	791	826	778
Net financials	6,959	-2,417	2,195	1,255	1,805
Profit/loss for the year	8,730	-108	4,209	3,273	3,979
Balance sheet					
Balance sheet total	90,464	73,431	66,876	55,887	48,171
Investment in property, plant and equipment	225	122	389	313	91
Equity	70,957	49,062	48,665	25,448	22,125
Financial ratios					
Solvency ratio	78.4%	66.8%	72.8%	45.5%	45.9%
Return on equity	14.5%	-0.2%	11.4%	13.8%	19.7%
Average number of full-time employees	20	19	18	16	13

For definitions, see accounting policies.

Management's review

Business review

The company's objective is to engage in investment activities.

The company's assets are primarily invested in ownership of 50 % of Merlin Entertainments and a broad investment portfolio consisting of long-term equity, listed equities, bonds, real estate, Private Equity funds and other activities based on a long-term investment horizon.

Financial review

In 2019, profit before tax amounted to DKK 9,805 million (loss of DKK 232 million in 2018) and a profit after tax of DKK 8,730 million (loss of DKK 108 million in 2018). Profit for the year includes profits from group enterprises in the amount of DKK 2,024 million (DKK 1,036 million in 2018) and losses from associates of DKK 214 million (gain of DKK 302 million in 2018). The company's balance sheet shows total assets of DKK 90,464 million. Total equity as at 31 December 2019 amounts to DKK 70,957 million, corresponding to a solvency ratio of 78 %.

KIRKBI Invest A/S' financial result is mainly influenced by the return from investment activities. The financial markets have developed very positive throughout 2019, following a very challenging end of 2018. Especially increasing company valuations within quoted equity and private equity led to a strong result for 2019.

During 2019, KIRKBI Invest A/S increased its ownership of Merlin Entertainments to 50 %. Together with a consortium of long-term investors, KIRKBI Invest A/S delisted Merlin Entertainments from London Stock Exchange in November 2019 and Merlin Entertainments were taken into private ownership. This transaction had a negative impact on financial performance of Merlin Entertainments, due to transaction costs and increased financing costs.

100 % of the shares in KIRKBI Real Estate AG was acquired in 2019.

The financial result for 2019 for KIRKBI Invest A/S is very satisfactory and exceeds the expectations disclosed in the annual report for 2018.

No dividend is proposed for 2019.

Investments

The investment portfolio consist of long-term equity investments, Private Equity investments, real estate investments, investments in renewable energy and investments in quoted equities and bonds.

Management's review

Long-term equity investments:

Within long-term investments further investments were made into ISS A/S, Landis+Gyr AG and Nilfisk A/S. At the end of 2019, KIRKBI Invest A/S signed a transaction to acquire 45 % of Armacell AG. The transaction closed in first quarter of 2020. The financial results from long-term equity investments were positively impacted by the development within the financial markets, which partly has been offset by decline in the market value of Nilfisk A/S and ISS A/S.

Private Equity Investments:

In the Private Equity portfolio, gains are attributable both to the preferred buyout funds and co-investments. During 2019, KIRKBI Invest A/S made two new commitment to funds and invested in one new co-investment with one of our partners. In the Private Equity portfolio, an underlying strong year both to preferred buyout funds and co-investments was accelerated by a strengthening of the USD.

Real estate investments:

In 2019, KIRKBI Invest A/S acquired a new property located in Hamburg (Germany). Real estate investments had a strong return in 2019.

The investment during the year was made through a fully owned subsidiary of KIRKBI Invest A/S.

Investments in renewable energy:

KIRKBI Invest A/S has ownership in two off-shore wind farms, Borkum Riffgrund 1 and Burbo Bank Extension. Both wind farms are operated by Ørsted and delivered a stable financial return, despite a lower than expected wind resource through-out the year.

During 2019 KIRKBI Invest A/S invested into the company, Enerparc Inc., which develops, builds and operates solar power parks in the US.

Investments in renewable energy are made through subsidiaries of KIRKBI Invest A/S.

Investments in quoted equity:

The equity markets were very positive during 2019. KIRKBI Invest A/S increased its investment in quoted equities during 2019. From a return perspective quoted equities outperformed expectation for the year.

Management's review

Significant events occurring after the end of the financial year

After the balance sheet date, the company has experienced an unrealised negative value development on investments measured at fair value, primarily due to the outbreak and spreading of COVID-19. However, at the time for the presentation of the annual report, it is not possible for the management of the company to quantify the effect further, as the effect depends on the duration and extent of the virus outbreak.

Apart from this unrealised value adjustment on investments measured at fair value no circumstances have occurred since the balance sheet date that is impacting the assessment of the annual report.

Expectations for 2020

Due to the COVID-19 situation it is not possible to state an expectation for the 2020 result. Currently, we experience an unusual level of uncertainty with volatile finance markets and an uncertain business climate.

Risks

Due to its holding of a significant portfolio of equities and bonds, the company is exposed to fluctuations in the financial markets. At the end of the year, the market value of the company's listed and unlisted equities and bonds amounted to DKK 51.6 billion.

The recognised carrying amount of the company's investment properties amounts to DKK 1.9 billion. The value is impacted by the way in which economic trends will impact on the demand for commercial leases and, hence, the occupancy rate and rent level as well as developments in the long-term interest rate.

Recognition and measurement uncertainties

Listed equities and bonds are recognised at the listed price at the balance sheet date. Group enterprises and associates are recognised at fair value or net asset value. Investments in Private Equity funds are measured at an estimated market value of the assets in the underlying funds based on the most recent reports from these funds. The company's properties are measured on the basis of an individual review and assessment of each property.

Knowledge resources

According to the company's corporate mission, the employees are a key resource. As part of the overall corporate strategy, employees and management work together to continuously ensure job satisfaction and a strong working environment.

In 2019 the company employed 20 FTEs on average, which is an increase of 1 FTE compared to 2018.

Management's review

Impact on external environment

The company's portfolio of real estate is constantly kept at a high standard, ensuring a healthy environment for the tenants and contributing to ensuring that heat consumption, noise pollution, etc. will at all times live up to current requirements and standards.

Corporate responsibility

Reference is made to the management's review in the annual report of the parent, KIRKBI A/S.

Diversity policy

KIRKBI Invest A/S has the ambition to have a balanced composition of the gender in the board of directors. The target figure is at least one female and one male board member provided that such person has the right qualifications for the directorship. The current board of directors consist of two men and one woman, which is living up to the ambition.

Accounting policies

The annual report of KIRKBI Invest A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report is presented in Danish kroner.

Pursuant to sections §112,1 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements. The financial statements of KIRKBI Invest A/S and its group enterprises are included in the consolidated financial statements of KIRKBI A/S.

Basis of recognition and measurement

Income is recognised in the income statement when earned. Furthermore, all costs incurred to generate earnings for the year are recognised in the income statement, including depreciation and impairment losses.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow 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 will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Revenue

Income from investments include interest and dividends from securities and is accrued to the period.

Income from properties includes rental income.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Accounting policies

Other external expenses

Other external expenses include expenses related to the various revenue activities.

Employee expenses

Employee expenses include wages and salaries, pensions as well as other social security contributions, etc. made to the entity's employees.

Depreciation and impairment losses

Depreciation and impairment losses comprise the year's depreciation and impairment of domicile properties, plant and equipment.

Value adjustments of investment properties

Value adjustments of investment properties comprise the year's changes in the fair value of investment properties.

Other financial income and expenses

Financial income and expenses are recognised in the income statement by the amounts attributable to this financial year. Financial income and expenses consist of interest income and expenses, realised and unrealised gains and losses.

Income from investments in group enterprises and associates

Income from equity investments in group enterprises and associates allocated to the company's strategic portfolio comprises the proportionate share of profit/loss after tax and any adjustment of internal profit/loss and less amortisation of consolidated goodwill.

The accounting policy for income from group enterprises and associates allocated to the company's investment portfolio is described in the section "Investments in group enterprises and associates".

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Accounting policies

Balance sheet

Tangible assets

Domicile properties, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Domicile properties and installations	25 years
Plant and equipment	3-10 years

The useful lives and residual values are reassessed annually.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Investment properties

Investment properties comprises investments in land and buildings for purposes of gaining a return on the invested capital in the form of regular operating income and/or capital gains on resale.

On acquisition, investment properties is measured at cost, comprising the purchase price, including purchase costs.

On subsequent recognition investment properties are recognised at fair value by use of a return-based valuation model. The model is based on an expected cash flow from the operations of the company based on the market rent and a rate of return for each property. The calculated valuation indicates the price to which the property can be traded on market terms between well-informed and ready partners at the balance sheet date. The rate of return is, among other matters, determined based on location, type, the credit quality of tenants, terms of the lease and alternative applications. The calculations are based on the budget for the next year, adjusted for fluctuations characterised as being isolated events. The budget includes rental income, operating costs, maintenance and administration costs. Such normal earnings are capitalised by the individually determined rates of return.

Accounting policies

Investments in group enterprises and associates

The company's investments in group enterprises and associates are allocated at the time of investment to the company's strategic portfolio or investment portfolio based on the strategy determined by management for each investment.

Strategic portfolio

Investments allocated to the strategic portfolio are measured using the equity method at the proportionate ownership share of the enterprises' equity plus consolidated goodwill and less intercompany profits and negative goodwill. Goodwill is amortised on a straight-line basis over its estimated useful life, which is determined on the basis of an assessment of the nature, earnings, market position of the acquired enterprise, the stability of the industry and dependence on key personnel, among other factors.

Investment portfolio

Investments allocated to the investment portfolio are currently monitored and evaluated based on the development of fair value in accordance with the company's and the group's investment strategy. As the company's primary activity is to run investment business, investments allocated to the investment portfolio are measured at fair value and adjusted in the equity. The valuation is based on internationally accepted valuation methods for private equity.

Investments in group enterprises with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Impairment of assets

The carrying amount of property, plant and equipment and investments in group enterprises and associates is tested for impairment, other than what is reflected through normal depreciation, on an annual basis.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable is impaired.

Cash

Cash comprises cash at bank.

Accounting policies

Other investments

Other securities and equity investments are measured at the market value at the balance sheet date if they are listed, or at an estimated fair value if they are not.

Provisions

Provisions are recognised when, at the balance sheet date, the enterprise has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions expected to be settled after more than one year after the balance sheet date are measured at the net present value of the expected payments. Other provisions are measured at net realisable value, unless otherwise stated.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax is measured based on the tax regulations and tax rates that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered.

Liabilities

Fixed-rate loans such as loans from credit institutions are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

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

Foreign currency translation

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.

Accounting policies

The results and financial position of group enterprises that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities for each group enterprise are translated into DKK at the closing rate at the balance sheet date.

Income and expenses for each group enterprise are translated at average exchange rates.

Differences deriving from translation of the opening balance equity in foreign group enterprises that are allocated to the company's investment portfolio are recognized in the income statement. Differences deriving from translation of the opening balance equity in foreign group enterprises that are allocated to the company's strategic portfolio are taken directly to equity.

Derivative financial instruments

Derivative financial instruments are measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables or other payables, respectively.

Fair value adjustments of derivative financial instruments are recognised in the income statement under financial income and expenses.

Cash flow statement

The company has decided not to include a cash flow statement due to Danish Financial Statements Act § 86,4.

Financial highlights

Definitions of financial ratios.

Solvency ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

Income statement 1 January - 31 December

	<u>Note</u>	<u>2019</u> m.DKK	<u>2018</u> m.DKK
Revenue	1	1,338	1,071
Other external expenses		-188	-224
Gross profit		1,150	847
Employee expenses	2	-19	-19
Depreciation and impairment losses		-122	-65
Value adjustments of investment properties		27	84
Profit from ordinary operating activities		1,036	847
Income from investments in group enterprises		2,024	1,036
Income from investments in associates	3	-214	302
Other financial income	4	7,074	79
Other financial expenses	5	-115	-2,496
Profit/loss before tax		9,805	-232
Tax on profit/loss for the year	6	-1,075	124
Profit for the year		8,730	-108
Distribution of profit	7		

Balance sheet 31 December

	<u>Note</u>	<u>2019</u> m.DKK	<u>2018</u> m.DKK
Assets			
Investment properties	8	1,877	1,678
Domicile properties	9	351	366
Plant and equipment	9	600	654
Tangible assets		<u>2,828</u>	<u>2,698</u>
Investments in group enterprises	10	17,566	13,861
Investments in associates	11	7,113	5,698
Receivables from group enterprises	12	3,593	3,388
Receivables from associates	12	3,794	658
Other long-term investments	12	88	85
Financial non-current assets		<u>32,154</u>	<u>23,690</u>
Total non-current assets		<u>34,982</u>	<u>26,388</u>
Receivables from group enterprises		1,617	1,004
Receivables from associates		661	6
Other receivables		1,137	1,164
Corporation tax		0	213
Receivables		<u>3,415</u>	<u>2,387</u>
Current asset investments		51,642	43,521
Securities		<u>51,642</u>	<u>43,521</u>
Cash		<u>425</u>	<u>1,135</u>
Total current assets		<u>55,482</u>	<u>47,043</u>
Total assets		<u><u>90,464</u></u>	<u><u>73,431</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2019</u> m.DKK	<u>2018</u> m.DKK
Equity and liabilities			
Share capital		132	126
Revaluation reserve		0	1
Reserve for net revaluation under the equity method		2,080	1,820
Retained earnings		68,745	47,115
Total equity	13	70,957	49,062
Provision for deferred tax	14	233	236
Other provisions		40	40
Total provisions		273	276
Banks		311	0
Mortgage loans		303	327
Other payables		575	575
Total non-current liabilities	15	1,189	902
Short-term part of long-term debt	15	417	615
Banks		1,645	1,611
Trade payables		31	20
Payables to group enterprises		14,822	20,756
Corporation tax		1,058	0
Other payables		72	189
Total current liabilities		18,045	23,191
Total liabilities		19,234	24,093
Total equity and liabilities		90,464	73,431
Significant events occurring after the end of the financial year	16		
Contingent liabilities	17		
Assets charged and security	18		
Related parties	19		

Statement of changes in equity

	Share capital	Revaluation reserve	Reserve for net revalua- tion under the equity method	Retained earnings	Total
	m.DKK	m.DKK	m.DKK	m.DKK	m.DKK
Equity at 1 January	126	1	1,820	47,115	49,062
Capital increase	6	0	0	13,794	13,800
Fair value adjustments in equity from group enterprises and associates	0	0	0	-546	-546
Capital adjustments in group enterprises and associates	0	0	141	0	141
Net effect from merger and acquisition under the uniting of interests method	0	0	0	-163	-163
Net profit/loss for the year	0	0	1,810	6,920	8,730
Dividends received from investments in group enterprises and associates	0	0	-1,691	1,691	0
Transfers, reserves	0	-1	0	1	0
Other adjustments	0	0	0	-67	-67
Equity at 31 December	132	0	2,080	68,745	70,957

Notes

	<u>2019</u> m.DKK	<u>2018</u> m.DKK
1 Revenue		
Segmentation by activity:		
Income from investments	1,186	921
Income from properties	112	98
Other income	40	52
	<u>1,338</u>	<u>1,071</u>
Total revenue	<u>1,338</u>	<u>1,071</u>
As investments are made across the globe, a segmentation of revenue by geographical market would not be meaningful.		
2 Employee expenses		
Wages and salaries	17	17
Pensions	1	1
Other social security costs	1	1
	<u>19</u>	<u>19</u>
	<u>19</u>	<u>19</u>
Including remuneration to the Executive and Supervisory Boards		
Executive management and board of directors	1	1
	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>
Average number of employees	<u>20</u>	<u>19</u>
3 Income from investments in associates		
Share of profits of associates	-204	322
Amortisation of goodwill	-10	-20
	<u>-214</u>	<u>302</u>
	<u>-214</u>	<u>302</u>

Notes

	<u>2019</u> m.DKK	<u>2018</u> m.DKK
4 Other financial income		
Interest received from group enterprises	14	16
Other financial income	58	63
Value adjustments of current asset investments	7,002	0
	<u>7,074</u>	<u>79</u>
5 Other financial expenses		
Financial expenses, group enterprises	14	9
Other financial expenses	101	151
Value adjustments of current asset investments	0	2,336
	<u>115</u>	<u>2,496</u>
6 Tax on profit/loss for the year		
Current tax for the year	1,142	-140
Deferred tax for the year	-3	24
Adjustment of tax concerning previous years	-64	-8
	<u>1,075</u>	<u>-124</u>
7 Distribution of profit		
Reserve for net revaluation under the equity method	1,810	1,338
Retained earnings	6,920	-1,446
	<u>8,730</u>	<u>-108</u>

Notes

8 Assets measured at fair value

	Investment properties
	<u>m.DKK</u>
Cost at 1 January	970
Additions for the year	172
Cost at 31 December	<u>1,142</u>
Revaluations at 1 January	708
Revaluations for the year	27
Revaluations at 31 December	<u>735</u>
Carrying amount at 31 December	<u><u>1,877</u></u>

Investment properties are recognised at fair value using the following yields based on location:

Billund, Denmark: 5.75 - 9.00 %

Copenhagen, Denmark: 4.00 - 5.25 %

If the yield in the calculations increases by 1 % point, the impact on profit before tax would be negative with:

Billund, Denmark: DKK 18 million

Copenhagen, Denmark: DKK 275 million

9 Tangible assets

	Domicile properties	Plant and equipment
	<u>m.DKK</u>	<u>m.DKK</u>
Cost at 1 January	431	871
Additions for the year	53	0
Cost at 31 December	<u>484</u>	<u>871</u>
Impairment losses and depreciation at 1 January	65	217
Depreciation for the year	68	54
Impairment losses and depreciation at 31 December	<u>133</u>	<u>271</u>
Carrying amount at 31 December	<u><u>351</u></u>	<u><u>600</u></u>

Notes

	2019	2018
	m.DKK	m.DKK
10 Investments in group enterprises		
Cost at 1 January	11,662	11,071
Additions for the year	3,157	798
Disposals for the year	0	-207
Cost at 31 December	14,819	11,662
Revaluations at 1 January	2,199	2,224
Net profit/loss for the year	2,024	1,036
Received dividend	-1,548	-1,023
Fair value adjustment	-14	0
Reversal of adjustments of disposed assets	0	-147
Other adjustments	86	109
Revaluations at 31 December	2,747	2,199
Carrying amount at 31 December	17,566	13,861
Analysis of the carrying amount		
Share of the net asset value	17,176	13,861
Fair value	382	0
Goodwill on consolidation	8	0
	17,566	13,861

Notes

Investments in group enterprises are specified as follows:

Name	Registered office	Share capital	Ownership interest
Group enterprises recognised at equity value:			
Boston Holding A/S	Denmark	600,000 DKK	63%
Einsteinstrasse 130 GmbH	Germany	50,000 EUR	90%
Einsteinstrasse 130 Betriebsgesellschaft mbH	Germany	25,000 EUR	90%
Elsenheimerstrasse Invest GmbH	Germany	25,000 EUR	100%
KIRKBI AG	Switzerland	3,000,000 CHF	100%
KIRKBI Anlæg A/S	Denmark	10,000,000 DKK	100%
KIRKBI Burbo Extension Holding UK Ltd.	UK	13 GBP	100%
KIRKBI Estates Ltd.	Scotland	21,000,000 GBP	100%
KIRKBI Operational Support ApS	Denmark	200,000 DKK	100%
KIRKBI Real Estate AG	Switzerland	67,000,000 CHF	100%
KIRKBI Real Estate Investment A/S	Denmark	100,000,000 DKK	100%
KIRKBI Real Estate Investment GmbH	Germany	25,000 EUR	100%
K & C Holding A/S	Denmark	45,000,000 DKK	100%
LEGO Juris A/S	Denmark	10,000,000 DKK	100%
LLJ Investco K.K.	Japan	300,100,000 JPY	100%
Maxor 4 GmbH	Germany	25,000 EUR	94%
Mølholm-Klinikken Ejendom ApS	Denmark	1,000,000 DKK	100%
Neue Flora Invest A/S	Denmark	400,000 DKK	100%
Group enterprises recognised at fair value:			
Enerparc Inc.	USA	0 USD	88%

Notes

	2019 m.DKK	2018 m.DKK
11 Investments in associates		
Cost at 1 January	7,674	6,555
Additions for the year	2,413	3,090
Disposals for the year	0	-1,971
Cost at 31 December	10,087	7,674
Revaluations at 1 January	-1,976	24
Net profit/loss for the year	-214	302
Received dividend	-143	-192
Fair value adjustment	-532	410
Reversal of fair value adjustments of disposed assets	0	-2,512
Other adjustments	-109	-8
Revaluations at 31 December	-2,974	-1,976
Carrying amount at 31 December	7,113	5,698
Analysis of the carrying amount		
Share of the net asset value	1,859	2,085
Fair Value	5,254	3,603
Goodwill on consolidation	0	10
	7,113	5,698

Investments in associates are specified as follows:

Name	Registered office	Share capital	Ownership interest
Associates recognised at equity value:			
Founders A/S	Denmark	50,200,000 DKK	33%
Motion JVCO Limited/Merlin Entertainments	UK	25,801,839 GBP	50%
Associates recognised at fair value:			
Evolve Additive Solutions, Inc	USA	46 USD	28%
Falck A/S	Denmark	133,271,703 DKK	28%
Golvikken Newco AB	Sweden	147,033 SEK	48%
Nilfisk Holding A/S	Denmark	542,527,380 DKK	20%
Peppy Pals AB	Sweden	66,982 SEK	25%

Notes

12 Fixed asset investments

	Receivables from group enterprises m.DKK	Receivables from asso- ciates m.DKK	Other long- term investments m.DKK
Cost at 1 January	3,388	658	85
Additions for the year	653	3,815	7
Disposals for the year	-448	-679	-4
Cost at 31 December	3,593	3,794	88
Carrying amount at 31 December	3,593	3,794	88

13 Equity

The share capital consists of 63,866,000 class A shares of DKK 1 and 68,134,000 class B shares of DKK 1 or multiples thereof.

The share capital has developed as follows:

	2019 m.DKK	2018 m.DKK	2017 m.DKK	2016 m.DKK	2015 m.DKK
Share capital at 1 January	126	126	120	120	120
Additions for the year	6	0	6	0	0
Share capital	132	126	126	120	120

14 Provision for deferred tax

	2019 m.DKK	2018 m.DKK
Provision for deferred tax at 1 January	236	212
Provision in year	-3	24
Provision for deferred tax at 31 December	233	236

Notes

15 Non-current liabilities

	Debt at 1 January	Debt at 31 December	Instalment next year	Debt outstanding after 5 years
	m.DKK	m.DKK	m.DKK	m.DKK
Banks	0	311	0	0
Mortgage loans	327	303	24	209
Other payables	575	575	393	0
	902	1,189	417	209

16 Significant events occurring after the end of the financial year

After the balance sheet date, the company has experienced an unrealised negative value development on investments measured at fair value, primarily due to the outbreak and spreading of COVID-19. However, at the time for the presentation of the annual report, it is not possible for the management of the company to quantify the effect further, as the effect depends on the duration and extent of the virus outbreak.

Apart from this unrealised value adjustment on investments measured at fair value no circumstances have occurred since the balance sheet date that is impacting the assessment of the annual report.

17 Contingent liabilities

A statement of continuing financial support has been given to subsidiary KIRKBI Estates Ltd. KIRKBI Invest A/S will provide continuing financial support to KIRKBI Estates Ltd. to enable it to operate as a going concern and to meet its obligations for at least 12 months from the date of the directors' report for the financial year ended 31 December 2019.

The company is part of a joint taxation arrangement in which the parent, KIRKBI A/S is the management company. Therefore, the company is jointly and severally liable for tax in the group's joint taxation income, etc., including surcharges and interest. Also, the company is jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax and interest tax, including surcharges and interest, to which the jointly taxed entities are liable. Any subsequent changes in corporate income taxes and withholding taxes may imply that the company becomes liable to pay tax.

Contingent liabilities and legal commitments to participate in investment projects and other purchase obligations amount to a maximum of DKK 6,463 million.

The company has provided payment guarantees of DKK 445 million.

Apart from the above, there are no contingent liabilities at the balance sheet date.

Notes

18 Assets charged and security

Security has been given in land, buildings and installations with a net carrying amount of DKK 1,189 million for the company's mortgage loans which amount to DKK 330 million.

Apart from the above, there are no security provided or assets charged at the balance sheet date.

19 Related parties

Controlling interest

The parent, KIRKBI A/S, Billund has a controlling interest.

Kjeld Kirk Kristiansen has as shareholder significant influence in KIRKBI Invest A/S.

Transactions

All transactions with related parties are made on market terms.