

Alpha 1 A/S

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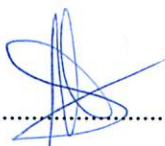
CVR no. 34 59 19 97



Annual report 2015

Approved at the annual general meeting of shareholders on 11 May 2016

Chairman:



Building a better
working world

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Alpha 1 A/S for the financial year 1 January - 31 December 2015.

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 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

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, 11 May 2016
Executive Board:



Mette Krog Hansen


Board of Directors:



Robert McCorduck
Chairman



Katarzyna Jolanta
Ciesielska



Mette Krog Hansen

Independent auditors' report

To the shareholders of Alpha 1 A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Alpha 1 A/S for the financial year 1 January - 31 December 2015, which comprise an 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.

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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Odense, 11 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28



Morten Schougaard Sørensen
State Authorised Public Accountant

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2015	2014
	Gross profit	2,398,905	3,451,935
	Staff costs	-132,018	102,684
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,306,910	-1,306,910
	Operating profit	959,977	2,247,709
	Income from investments in group entities	-1,552,900	278,247
2	Financial income	1,245,716	281,109
3	Financial expenses	-5,019,775	-1,384,220
	Profit/loss before tax	-4,366,982	1,422,845
4	Tax for the year	595,931	-421,823
	Profit/loss for the year	-3,771,051	1,001,022
	Proposed profit appropriation/distribution of loss		
	Extraordinary dividend distributed	29,869,772	0
	Retained earnings/accumulated loss	-33,640,823	1,001,022
		-3,771,051	1,001,022

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2015	2014
	ASSETS		
	Non-current assets		
5	Property, plant and equipment		
	Land and buildings	91,988,413	105,914,996
		<u>91,988,413</u>	<u>105,914,996</u>
6	Investments		
	Investments in group entities, net asset value	0	0
		<u>0</u>	<u>0</u>
	Total non-current assets	<u>91,988,413</u>	<u>105,914,996</u>
	Current assets		
	Receivables		
	Receivables from group entities	24,207,072	8,000,031
	Deferred tax assets	660,450	44,861
	Income taxes receivable	0	15,045
	Other receivables	466,796	777,694
	Deferred income	134,753	67,230
		<u>25,469,071</u>	<u>8,904,861</u>
	Cash	<u>2,637,746</u>	<u>17,041,536</u>
	Total current assets	<u>28,106,817</u>	<u>25,946,397</u>
	TOTAL ASSETS	<u>120,095,230</u>	<u>131,861,393</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2015	2014
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	61,500,000	75,000,000
	Retained earnings	-45,530,121	-11,889,298
	Total equity	15,969,879	63,110,702
	Liabilities other than provisions		
8	Non-current liabilities other than provisions		
	Mortgage debt	99,184,972	63,762,760
	Deposits	2,904,290	2,917,815
		102,089,262	66,680,575
	Current liabilities other than provisions		
8	Current portion of long-term liabilities	1,004,301	983,248
	Trade payables	191,552	199,048
	Payables to group entities	1,003	0
	Income taxes payable	0	451,728
	Other payables	839,233	436,092
		2,036,089	2,070,116
	Total liabilities other than provisions	104,125,351	68,750,691
	TOTAL EQUITY AND LIABILITIES	120,095,230	131,861,393
1	Accounting policies		
9	Collateral		
10	Contractual obligations and contingencies, etc.		
11	Related parties		

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2014	75,000,000	-1,146,736	73,853,264
Changes in accounting policies	0	-11,743,584	-11,743,584
Profit/loss for the year	0	1,001,022	1,001,022
Equity at 1 January 2015	75,000,000	-11,889,298	63,110,702
Capital reduction	-13,500,000	0	-13,500,000
Profit/loss for the year	0	-3,771,051	-3,771,051
Extraordinary dividend distributed	0	-29,869,772	-29,869,772
Equity at 31 December 2015	61,500,000	-45,530,121	15,969,879

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Alpha 1 A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

Changes in accounting policies

To comply with the group accounting policies in the new owner group the accounting policies for properties has been adjusted from fair value to cost less depreciation.

At the same time the policies applied for debt related to properties has been changed from fair value to amortized cost.

The annual report and the reported numbers for 2014 are restated accordingly.

As a consequence of the changed accounting policies equity at 31 December 2014 has decreased DKK 13,280 thousand and the Profit/Loss for 2014 was decreased with DKK 1,536 thousand.

The financial statements have otherwise been presented in accordance with the same accounting policies as were applied last year. Comparative figures have been restated to reflect the policy change.

Reporting currency

The financial statements are presented in Danish kroner.

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, revenue 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 'Rent', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, etc.

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	50 years
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Land is not depreciated.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash comprises cash balances and bank balances.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the 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 liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK	2015	2014
2 Financial income		
Interest receivable, group entities	1,240,958	259,456
Other financial income	4,758	21,653
	<u>1,245,716</u>	<u>281,109</u>
3 Financial expenses		
Interest expenses, group entities	175,637	0
Other financial expenses	4,844,138	1,384,220
	<u>5,019,775</u>	<u>1,384,220</u>
4 Tax for the year		
Estimated tax charge for the year	0	466,684
Deferred tax adjustments in the year	-615,589	-44,861
Tax adjustments, prior years	19,658	0
	<u>-595,931</u>	<u>421,823</u>
5 Property, plant and equipment		
DKK		<u>Land and buildings</u>
Cost at 1 January 2015		110,382,091
Additions in the year		102,169
Disposals in the year		-14,575,116
Cost at 31 December 2015		<u>95,909,144</u>
Cost at		-1,853,274
Reversal of revaluation of disposals		1,853,274
Value adjustments at 31 December 2015		<u>0</u>
Impairment losses and depreciation at 1 January 2015		2,613,821
Amortisation/depreciation in the year		1,306,910
Impairment losses and depreciation at 31 December 2015		<u>3,920,731</u>
Carrying amount at 31 December 2015		<u>91,988,413</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

6 Investments

DKK	Investments in group entities, net asset value
Cost at 1 January 2015	8,445,754
Cost at 31 December 2015	8,445,754
Value adjustments at 1 January 2015	-8,445,754
Dividend distributed	-3,709,726
Share of the profit/loss for the year	-1,552,900
Transferred	5,262,626
Value adjustments at 31 December 2015	-8,445,754
Carrying amount at 31 December 2015	0

Of the total carrying amount, negative net assets in associates, DKK 5,262,626 have been set off against receivables.

DKK	Legal form	Domicile	Interest	Equity	Profit/loss
Subsidiaries					
Sølvgården	ApS	Copenhagen	100.00 %	-5,579,774	-1,552,900

7 Share capital

Analysis of changes in the share capital over the past 3 years:

DKK	2015	2014	2013
Opening balance	75,000,000	50,000,000	1,000,000
Capital increase	0	25,000,000	1,000,000
Capital reduction	-13,500,000	0	49,000,000
	61,500,000	75,000,000	51,000,000

8 Long-term liabilities

DKK	Total debt at 31/12 2015	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	100,189,273	1,004,301	99,184,972	94,432,624
Deposits	2,904,290	0	2,904,290	2,904,290
	103,093,563	1,004,301	102,089,262	97,336,914

9 Collateral

The following assets have been provided as collateral for mortgages:

Property, plant and equipment with a carrying amount of (DKK) 91,988,413.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

10 Contractual obligations and contingencies, etc.

Other contingent liabilities

The company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the period 30 June 2015 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 30 June 2015.

11 Related parties

Alpha 1 A/S' related parties comprise the following:

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Alpha Properties Holding ApS	Amaliegade 15, 2. sal, 1256 København K