

Euro Economics II ApS

Amaliegade 22, 1.
1256 København K
Business Registration No
36074698

Annual report 2018

The Annual General Meeting adopted the annual report on 29.05.2019

Chairman of the General Meeting

Name: Claus Molbech Bendtsen

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Entity details

Entity

Euro Economics II ApS
Amaliegade 22, 1.
1256 København K

Central Business Registration No (CVR): 36074698

Registered in: København

Financial year: 01.01.2018 - 31.12.2018

Executive Board

Claus Molbech Bendtsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Euro Economics II ApS for the financial year 01.01.2018 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 29.05.2019

Executive Board

Claus Molbech Bendtsen

Independent auditor's extended review report

To the shareholder of Euro Economics II ApS

Conclusion

We have performed an extended review of the financial statements of Euro Economics II ApS for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements". We are independent of the Entity 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

Independent auditor's extended review report

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 29.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Morten Gade Steinmetz

State Authorised Public Accountant

Identification No (MNE) mne34145

Management commentary

Primary activities

The Company's activity consists of acquiring and operating real estate.

Development in activities and finances

Profit for the year of DKK 2,965k is considered satisfactory.

Uncertainty relating to recognition and measurement

The Company's investment properties are measured at fair value. The fair value of the investment properties are recognized at DKK 182,200k. Revaluations and impairment losses of investment properties are based on accounting judgements based on market value calculations of the net rent.

The required rate of return is set so that it is considered to reflect the market's actual required rate of return on similar properties. There is uncertainty related to determining the required rate of return and an increase in this of 0.5 percentage points will reduce the fair value by approx. DKK 22.6m as per the mentioning in the annual report's notes for investment properties.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Gross profit		3.696.679	3.188.763
Fair value adjustments of investment property		<u>3.593.330</u>	<u>3.481.935</u>
Operating profit/loss		7.290.009	6.670.698
Financial expenses from group enterprises		(653.717)	(634.210)
Other financial expenses		<u>(2.833.922)</u>	<u>(1.664.822)</u>
Profit/loss before tax		3.802.370	4.371.666
Tax on profit/loss for the year	1	<u>(837.000)</u>	<u>(962.000)</u>
Profit/loss for the year		<u>2.965.370</u>	<u>3.409.666</u>
Proposed distribution of profit/loss			
Retained earnings		<u>2.965.370</u>	<u>3.409.666</u>
		<u>2.965.370</u>	<u>3.409.666</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Investment property		<u>182.200.000</u>	<u>177.000.000</u>
Property, plant and equipment	2	<u>182.200.000</u>	<u>177.000.000</u>
Fixed assets		<u>182.200.000</u>	<u>177.000.000</u>
Trade receivables		109.429	43.574
Other receivables		<u>748.739</u>	<u>509.295</u>
Receivables		<u>858.168</u>	<u>552.869</u>
Cash		<u>2.962.465</u>	<u>0</u>
Current assets		<u>3.820.633</u>	<u>552.869</u>
Assets		<u>186.020.633</u>	<u>177.552.869</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018</u> <u>DKK</u>	<u>2017</u> <u>DKK</u>
Contributed capital		80.000	80.000
Retained earnings		<u>58.195.425</u>	<u>55.230.055</u>
Equity		<u>58.275.425</u>	<u>55.310.055</u>
Deferred tax		<u>15.831.000</u>	<u>14.955.000</u>
Provisions		<u>15.831.000</u>	<u>14.955.000</u>
Mortgage debt		<u>89.684.108</u>	<u>87.034.544</u>
Non-current liabilities other than provisions	3	<u>89.684.108</u>	<u>87.034.544</u>
Current portion of long-term liabilities other than provisions	3	2.081.607	1.948.277
Bank loans		0	817.579
Deposits		2.491.363	2.392.065
Trade payables		547.187	673.406
Payables to group enterprises		17.109.943	14.365.626
Income tax payable		0	39.000
Other payables		<u>0</u>	<u>17.317</u>
Current liabilities other than provisions		<u>22.230.100</u>	<u>20.253.270</u>
Liabilities other than provisions		<u>111.914.208</u>	<u>107.287.814</u>
Equity and liabilities		<u>186.020.633</u>	<u>177.552.869</u>
Contingent liabilities	4		
Assets charged and collateral	5		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	80.000	55.230.055	55.310.055
Profit/loss for the year	0	2.965.370	2.965.370
Equity end of year	80.000	58.195.425	58.275.425

Notes

	2018	2017
	DKK	DKK
1. Tax on profit/loss for the year		
Current tax	0	39.000
Change in deferred tax	837.000	923.000
	837.000	962.000
		Investment property DKK
2. Property, plant and equipment		
Cost beginning of year		110.810.999
Additions		1.606.670
Cost end of year		112.417.669
Fair value adjustments beginning of year		66.189.001
Fair value adjustments for the year		3.593.330
Fair value adjustments end of year		69.782.331
Carrying amount end of year		182.200.000

Revaluations and impairment losses of investment properties are based on accounting judgements based on market value calculations of the net rent.

As described under accounting policies, investment properties are measured at fair value using the return-based model. The average required rate of return of the Company's properties is 3.25% at 31.12.2018. An increase of the required rate of return of 0.5 percentage points will reduce the total fair value by approx. DKK 24.8m. A reduction of the required rate of return of 0.5 percentage points will increase the value by approx. DKK 33.8m.

The actual rent per m² of the property amounts to DKK 1,115. The size of the properties is 6,745 m². There has been no material vacancy in the properties in the financial year.

Notes

	Due within 12 months 2018 DKK	Due within 12 months 2017 DKK	Due after more than 12 months 2018 DKK	Outstanding after 5 years DKK
3. Liabilities other than provisions				
Mortgage debt	2.081.607	1.948.277	89.684.108	81.376.113
	2.081.607	1.948.277	89.684.108	81.376.113

4. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Euro Economics ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

5. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

The carrying amount of mortgaged properties is DKK 258.700k.

Maximized suretyship of DKK 60,000k has been issued in relation to the company's group enterprise with its bank connection. Bank debt at December 31, 2018 is DKK 14,000k.

The company guarantees for all mortgage debt of the group enterprises below:

Euro Economics II ApS - Central Business Registration No 36074698

Euro Economics III ApS - Central Business Registration No 32788823

Euro Economics IV ApS - Central Business Registration No 37362670

Euro Economics V ApS - Central Business Registration No 37546208

Euro Economics VI ApS - Central Business Registration No 38133365

Euro Economics VII ApS - Central Business Registration No 38428276

Euro Economics VIII ApS - Central Business Registration No 38472739

Euro Economics IX ApS - Central Business Registration No 38667629

Euro Economics X ApS - Central Business Registration No 20805285

EE ApS - Central Business Registration No 38414623

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and other external expenses.

Revenue

Revenue consists of rental income from renting of tenancy to businesses and private. Rental income is recognized in the income statement according to the maturity principle.

Fair value adjustments of investment property

Fair value adjustment of investment property comprises adjustments for the financial year of the Entity's investment properties measured at fair value at the balance sheet date.

Other external expenses

Other external expenses includes expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Investment property

On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

Fair value is determined by applying the yield-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Cash

Cash comprises bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Accounting policies

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities

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

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.