

# Block E/P1 ApS

c/o Cura Management A/S, Tuborg Boulevard 12, 2900 Hellerup

Company reg. no. 36 96 02 99

## Annual report

1 January - 31 December 2018

**The annual report have been submitted and approved by the general meeting:**

**Date: 31 May 2019**

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Chairman of the meeting

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**Notes:**

To ensure the greatest possible applicability of this document, British English terminology has been used.

Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## Management's report

The executive board has today presented the annual report of Block E/P1 ApS for the financial year 1 January - 31 December 2018.

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


We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2018 and of the company's results of its financial activities in the financial year 1 January - 31 December 2018.

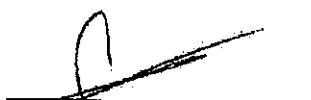
We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.


Hellerup, 31 May 2019

Executive board

  
Jørn Grøn

  
Sampo Apajalahti

  
Hasse Lyngsle Wulff

  
Peter Gill

# Independent auditor's report

To the shareholders of Block E/P1 ApS

## Opinion

We have audited the annual accounts of Block E P1 ApS for the financial year 1 January - 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

## Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

## The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error. In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error,

design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts 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 the internal control that we identify during our audit.

#### **Statement on the management's review**

The management is responsible for the management's review.

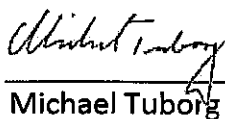
Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement. Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act. Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 31 May 2019

#### **KPMG**

Statsautoriseret Revisionspartnerselskab  
Company reg. no. 25 57 81 98



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**Michael Tuborg**

State Authorised Public Accountant  
MNE-nr. 24621

## Company data

<b>The company</b>	BLOCK E/P1 APS c/o Cura Management A/S Tuborg Boulevard 12 2900 Hellerup  Company reg. no. 36 96 02 99 Financial year: 1 January - 31 December 2018
<b>Executive board</b>	Timm Grün Sampsa Apajalahti Hasse Lyngsie Wulff Peter Gill
<b>Auditors</b>	KPMG P/S Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø
<b>Parent company</b>	Strandholmen HoldCo S.á.r.l. Luxembourg

## Management's review

### **Primary activities**

Like previous years, the purpose of the Company is to buy and operate real estate.

### **Development in activities and financial matters**

The gross profit for the year is t.DKK 10.746 against t.DKK 11.448 last year. The results from ordinary activities after tax are t.DKK 1.928 against t.DKK 16.493 last year. The management consider the results satisfactory.

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

No events have occurred after the balance sheet date that materially affects the Company's financial position.

## Accounting policies used

The annual report for Block E P1 ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

### Derived financial instruments

At the first recognition, derived financial instruments are recognised at cost in the balance sheet. Afterwards they are measured at fair value. Positive and negative fair values of derived financial instruments are recognised under other debtors and other creditors respectively.

Changes in the fair value of financial statements are recognised in the profit and loss account.

### The profit and loss account

#### Gross profit

The gross profit comprises of rental income, operating costs and other external costs.

Rental income comprises income from the lease of property and from charged joint costs, and it is recognised in the profit and loss account for the period relating to the lease payment. Income from the heating account is recognised in the balance sheet as a balance among the lessees.

Operating costs include costs directly associated with the operation of the property, repair and maintenance, taxes and other costs that are not paid by the tenant .

Other external costs comprise costs for administration and loss on debtors.

#### Fair value adjustment of investment property

Fair value adjustment of investment property comprises value adjustments of properties at fair value.

#### Net financials

Net financials comprise interest, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

#### Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).



## **The balance sheet**

### **Investment property**

Investment property comprises properties that is held to earn rentals, held for capital appreciation or both. Initially, investment properties is measured at cost including purchase price and directly related costs. The carrying amount also includes costs for improvements if the recognition criteria are met. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise. The fair value of completed investment property is determined using a income capitalisation method. Under the income capitalisation method, the value is calculated on the basis of the investment property's return from operations and on an individually fixed requirement for interest.

### **Receivables**

Debtors and amounts owed by group enterprises are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

### **Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### **Available funds**

Available funds comprise cash at bank and in hand.

### **Corporate tax and deferred tax**

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Block E P1 ApS is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Block E P1 ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies. Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus. Deferred tax assets, including the tax value of tax losses eligible for carry over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

### **Liabilities**

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost.

Mortgage debt and bank debt are measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

Liabilities relating to investment properties are measured at amortised cost.

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

## Profit and loss account

	Note	2018 DKK	2017 t.DKK
<b>Gross profit</b>		<b>10.746.222</b>	<b>11.448</b>
Fair value adjustment of the investment properties		-400.000	21.294
<b>Operating profit</b>		<b>10.346.222</b>	<b>32.742</b>
Other financial costs	1	-8.595.772	-11.597
<b>Results before tax</b>		<b>1.750.450</b>	<b>21.145</b>
Tax on ordinary results	2	177.138	-4.652
<b>Results for the year</b>		<b>1.927.588</b>	<b>16.493</b>
<b>Proposed distribution of the results:</b>			
Extraordinary dividend adopted during the financial year		0	24.600
Allocated from results brought forward		1.927.588	-8.107
<b>Distribution in total</b>		<b>1.927.588</b>	<b>16.493</b>

## Balance sheet 31 December

<b>Assets</b>	<b>Note</b>	<b>2018 DKK</b>	<b>2017 t.DKK</b>
Investment properties		309.000.000	309.400
<b>Tangible fixed assets in total</b>	<b>3</b>	<b>309.000.000</b>	<b>309.400</b>
<b>Fixed assets in total</b>		<b>309.000.000</b>	<b>309.400</b>
<b>Current assets</b>			
Trade debtors		0	47
Other debtors		0	9
Prepayments		52.510	0
<b>Receivables in total</b>		<b>52.510</b>	<b>56</b>
Available funds		10.288.415	9.096
<b>Current assets in total</b>		<b>10.340.925</b>	<b>9.152</b>
<b>Assets in total</b>		<b>319.340.925</b>	<b>318.552</b>

## Balance sheet 31 December

Equity and liabilities	Note	2018 DKK	2017 t.DKK
<b>Equity</b>			
Contributed capital		90.000	90
Results brought forward		50.965.305	49.038
<b>Equity in total</b>		<b>51.055.305</b>	<b>49.128</b>
<b>Provisions</b>			
Provisions for deferred tax		24.714.634	25.275
<b>Provisions in total</b>		<b>24.714.634</b>	<b>25.275</b>
<b>Liabilities</b>			
Mortgage debt	4	152.421.497	152.327
Debt to group enterprises	5	81.869.414	81.869
<b>Long-term liabilities in total</b>		<b>234.290.911</b>	<b>234.196</b>
Prepayments and deposits received from customers		5.175.044	5.239
Trade creditors		877.784	370
Debt to group enterprises		0	2.439
Corporate tax		673.542	375
Other debt	6	2.553.705	1.530
<b>Short-term liabilities in total</b>		<b>9.280.075</b>	<b>9.953</b>
<b>Liabilities in total</b>		<b>243.570.986</b>	<b>244.149</b>
<b>Equity and liabilities in total</b>		<b>319.340.925</b>	<b>318.552</b>
Mortgage and securities	7		
Contingencies	8		

## Statement of changes in equity

In DKK

	Contributed capital	Results brought forward	Proposed dividend for the financial year	In total
Equity 1 January 2017	90.000	57.144.796	0	57.234.796
Profit or loss for the year brought forward	0	-8.107.079	0	-8.107.079
Extraordinary dividend adopted during the financial year	0	24.600.000	0	24.600.000
Distributed extraordinary dividend adopted during the financial year	0	-24.600.000	0	-24.600.000
<b>Equity 1 January 2018</b>	<b>90.000</b>	<b>49.037.717</b>	<b>0</b>	<b>49.127.717</b>
Profit or loss for the year brought forward 2018	0	1.927.588	0	1.927.588
<b>Equity 31 December 2018</b>	<b>90.000</b>	<b>50.965.305</b>	<b>0</b>	<b>51.055.305</b>

## Notes

	2018	2017
	DKK	t.DKK
<b>1. Other financial costs</b>		
Financial costs, group enterprises	4.502.817	2.439
Other financial costs	<u>4.092.955</u>	<u>9.158</u>
	<b>8.595.772</b>	<b>11.597</b>
<b>2. Tax on ordinary results</b>		
Tax of the results for the year	-383.355	-375
Adjustment for the year of deferred tax	-2.508	-4.277
Adjustment for prior year deferred tax	<u>563.001</u>	<u>0</u>
	<b>177.138</b>	<b>-4.652</b>

## Notes

	2018	2017
	DKK	t.DKK
<b>3. Investment properties</b>		
Cost 1 January	195.825.605	195.719
Additions during the year	"0	106
<b>Cost 31 December</b>	<b>195.825.605</b>	<b>195.825</b>
Fair value adjustment 1 January	113.574.395	92.281
Fair value adjustment of the year	-400.000	21.294
<b>Fair value adjustment 31 December</b>	<b>113.174.395</b>	<b>113.575</b>
<b>Book value 31 December</b>	<b>309.000.000</b>	<b>309.400</b>

A determination of the yield from the individual properties is based on the expected rental income by fully leased property. Expected operating costs, administration costs and maintenance costs are deducted.

The fair value of the investment properties has been determined on the basis of external brokers' evaluation of investment properties. The properties are located in Copenhagen and are used for residential, totaling 9.001 sqm.

Compared to the latest financial year, the methods of measurement used have not been changed.

The fixing of the market value (book value) is based on the following equivalent yield:

Equivalent yield: 3,6 %

### Key assumptions

Changes in the equivalent yield have a material effect on the measuring of investment property. An increase in equivalent yield could mean a decrease of market value. The market development may result in changed requirements to the return on real property.

The below survey shows how the measurement of the portfolio of property is affected when the equivalent yields are increasing and decreasing respectively:

Equivalent yield	Fair value of the portfolio of property	Book value	Adjustment
4,10%	268.853.976	309.000.000	-40.146.024
3,10%	355.581.065	309.000.000	46.581.065

## Notes

	2018 DKK	2017 t.DKK
<b>4. Mortgage debt</b>		
Mortgage debt in total	152.421.497	152.326
Share of amount due within 1 year	<u>0</u>	<u>0</u>
	<b>152.421.497</b>	<b>152.326</b>
Share of liabilities due after 5 year	150.391.000	150.391
<b>5. Debt to group enterprises</b>		
Debt to group enterprises in total	81.869.414	81.869
Share of amount due within 1 year	<u>0</u>	<u>0</u>
	<b>81.869.414</b>	<b>81.869</b>
Share of liabilities due after 5 year	81.869.414	81.869

### 6. Derivative financial instruments

The Company hedges interest rate risks by means of interest rate swaps whereby floating interest payments are converted to fixed interest payments. The hedged cash flow are expected to be realized and will affect the results over the remaining term of the swap.

	Notional amount	Fair value
Interest rate swap	150.391.000	-2.553.705

### 7. Mortgage and securities

As security for mortgage debts, t.DKK 152.421, mortgage has been granted on investment properties representing a book value of t.DKK 309.000 at 31 December 2018.

### 8. Contingencies

#### Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The total tax payable under the joint taxation amounts to DKK 1.370 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.