

# **Kalvebod Brygge 47 K/S**

Holbergsgade 14, 2 tv  
1057 København K

Annual report  
1 August 2016 - 31 July 2017

**The annual report has been presented and  
approved on the company's general meeting the**

**30/11/2017**

**Peter Baxter**  
**Chairman of general meeting**

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# Company information

**Reporting company** Kalvebod Brygge 47 K/S  
Holbergsgade 14, 2 tv  
1057 København K

CVR-nr: 37401625  
Reporting period: 01/08/2016 - 31/07/2017

**Auditor** ERNST & YOUNG GODKENDT REVISIONSPARTNERSELSKAB  
Osvald Helmuths Vej 4  
2000 Frederiksberg  
DK Denmark  
CVR-nr: 30700228  
P-number: 1013415044

# Statement by Management

The Executive Board have today considered and approved the annual report of Kalvebod Brygge 47 K/S for the financial year 01.08.2016 - 31.07.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.07.2017 and of the results of its operations for the financial year 01.08.2016 - 31.07.2017.

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

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

Copenhagen, the 14/11/2017

## Management

Peter Baxter

Brownyn Salvat-Winther

Julie Mossong

# The independent auditor's report on financial statements

To the shareholders of Kalvebod Brygge 47 K/S

## Opinion

We have audited the annual accounts of Kalvebod Brygge 47 K/S for the financial year 01.08.2016 - 31.07.2017, which comprise the 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.

In our opinion, the financial statements give a true and fair view of the Entity's financial position as at 31.07.2017 and of the results of its operations for the financial year 01.08.2016 - 31.07.2017 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of management 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 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.

## Auditor's responsibility

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 judgement 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 conclusion is 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.

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 the 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 our procedures, 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 Statement Act. We did not identify any material misstatement of the Management's Review.

Copenhagen, 14/11/2017

Henrik Reedtz , mne24830  
State Authorised Public Accountant  
ERNST & YOUNG GODKENDT REVISIONSPARTNERSELSKAB  
CVR: 30700228



# Management's Review

## **Primary activities**

The Company's main activity is to own and manage real estate and related services.

## **Development in activities and finances**

The result for the year is a profit 36.635.703 DKK. The profit for the year is primarily affected of a positive fair value adjustment of 13.724.402 DKK on the Company's investment property. A positive result is expected for the financial year 2017/18.



# Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B.

## 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.

Effective 1. August 2016, the Company has adopted act nr. 738 of 1 June 2015. With the exception of the new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

This annual report's comparative financial year period is 6 months, and therefore differs from this year's period length, which is 12 months.

## 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.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, other operating income, property costs and external expenses.

### Revenue

Revenue comprises rental income and is recognized in the income statement. Rental income is accrued to cover the period up to the end of the financial year.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities and administration.

### Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from

the lessee.

### **Other financial expenses**

Other financial expenses comprise interest expenses and amortisation of loan costs.

### **Balance sheet**

#### **Investment properties**

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

After initial recognition, the properties are measured at fair value which represents the amount at which the individual property may be sold to an independent buyer. The investment property has been valued based on an external estate agent's valuation using the Direct Capitalisation approach. Fair value adjustments for the financial year are recognised in the income statement.

#### **Receivables**

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

#### **Cash**

Cash comprises bank deposits.

#### **Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

#### **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.

#### **Deferred income**

Deferred income comprises prepaid rent for recognition in subsequent financial years. Deferred income is measured at cost.

# Income statement 1 Aug 2016 - 31 Jul 2017

	Disclosure	2016/17 kr.	2016 kr.
<b>Gross profit (loss)</b> .....		<b>27,539,388</b>	<b>8,670,485</b>
<b>Profit (loss) from ordinary operating activities</b> .....		<b>27,539,388</b>	<b>8,670,485</b>
Gains (losses) from fair value adjustments of investment property .....		13,724,402	-10,761,240
Sundry finance expenses .....		-4,628,087	-1,864,187
<b>Profit (loss) from ordinary activities before tax</b> .....		<b>36,635,703</b>	<b>-3,954,942</b>
<b>Profit (loss)</b> .....		<b>36,635,703</b>	<b>-3,954,942</b>
<b>Proposed distribution of results</b>			
Proposed dividend recognised in equity .....		11,489,000	0
Retained earnings .....		25,146,703	-3,954,942
<b>Proposed distribution of profit (loss)</b> .....		<b>36,635,703</b>	<b>-3,954,942</b>

# Balance sheet 31 July 2017

## Assets

	Disclosure	2016/17 kr.	2016 kr.
Investment property .....		632,000,000	615,000,000
<b>Property, plant and equipment .....</b>	<b>1</b>	<b>632,000,000</b>	<b>615,000,000</b>
<b>Total non-current assets .....</b>		<b>632,000,000</b>	<b>615,000,000</b>
Other receivables .....		23,644	0
<b>Receivables .....</b>		<b>23,644</b>	<b>0</b>
Cash and cash equivalents .....		26,005,667	24,884,093
<b>Current assets .....</b>		<b>26,029,311</b>	<b>24,884,093</b>
<b>Total assets .....</b>		<b>658,029,311</b>	<b>639,884,093</b>

# Balance sheet 31 July 2017

## Liabilities and equity

	Disclosure	2016/17 kr.	2016 kr.
Contributed capital .....		350,802,500	350,802,500
Retained earnings .....		57	-3,954,942
Proposed dividend .....		11,489,000	0
<b>Total equity .....</b>		<b>362,291,557</b>	<b>346,847,558</b>
Mortgage debt .....		273,282,890	272,315,318
Deposits .....		14,058,500	13,715,610
<b>Long-term liabilities other than provisions, gross .....</b>	<b>2</b>	<b>287,341,390</b>	<b>286,030,928</b>
Trade payables .....		21,268	464,313
Other payables, including tax payables, liabilities other than provisions .....		3,688,929	1,969,424
Deferred income .....		4,686,167	4,571,870
<b>Short-term liabilities other than provisions, gross .....</b>		<b>8,396,364</b>	<b>7,005,607</b>
<b>Liabilities other than provisions, gross .....</b>		<b>295,737,754</b>	<b>293,036,535</b>
<b>Liabilities and equity, gross .....</b>		<b>658,029,311</b>	<b>639,884,093</b>

# Statement of changes in equity 1 Aug 2016 - 31 Jul 2017

	<b>Contributed capital</b>	<b>Retained earnings</b>	<b>Proposed dividend recognised in equity</b>	<b>Total</b>
	<b>kr.</b>	<b>kr.</b>	<b>kr.</b>	<b>kr.</b>
Equity, beginning balance .....	350,802,500	-3,954,942		346,847,558
Dividend paid .....		-21,191,704		-21,191,704
Profit (Loss) .....		25,146,703	11,489,000	36,635,703
Equity, ending balance .....	350,802,500	57	11,489,000	362,291,557

The entire contributed capital is paid in.

# Disclosures

## 1. Property, plant and equipment

	<b>Investment property DKK</b>
Cost beginning of year	625.761.240
Addition	160.544
<b>Cost, end of year</b>	<b>625.921.784</b>
Fair value adjustments beginning of year	-10.761.240
Fair value adjustments for the year	13.724.402
Straight-line revenue recognition for the year	3.115.054
<b>Fair value adjustments end of year</b>	<b>6.078.216</b>
<b>Carrying amount end of year</b>	<b>632.000.000</b>

The investment property has been valued based on an external estate agent's valuation using the Direct apitalisation approach. The estate agent has set the required rate of return at 4.43%. The budgeted rental income has been determined based on leases entered into. The operating expenses of the property – including aintenance costs that often have an aperiodic structure – have been determined using an on-average basis. The return set for the year has been capitalised by the required rate of return defined. Based on this, the investment property has been recognised at DKK 632.000k.

The sensitivity related to the calculation can be reflected as follows:

Value at a rate of return of 4.18% (4.43% less 0.25%) DKK 669.800k

Value at a rate of return of 4.68% (4.43% plus 0.25%) DKK 598.200k

The valuation of the property is based on estimates and relies on a number of uncertain factors, including expected developments in the property market and the attractiveness of the property. The Company believes that the external estate agent's valuation is the best measure of the value of the property at 31 July 2017.

## 2. Long-term liabilities other than provisions, gross

Mortgage debt at maturity after 5 years DKK 273.282.890

## 3. Disclosure of mortgages and collaterals

Conservative gearing in form of third party senior bank debt are secured in way of first-ranking the property.

## **4. Disclosure of ownership**

### **Related parties with controlling interest**

- The company's general partner is M&G European Property GP 1 S.á.r.l.
- The company is 100 % owned by Kalvebod Brygge S.á.r.l.
- Kalvebod Brygge 47 K/S is included in the consolidated financial statements for Kalvebod Brygge S.á.r.l. at the lowest level and M&G European Property Fund SICAV-FIS at the highest level in the structure.