

# **Kalvebod Brygge 47 K/S**

Holbergsgade 14, 2. tv.  
1057 København K

CVR no. 37 40 16 25

## **Annual report for 2019/20**

(5th Financial year)

Adopted at the annual general meeting  
on 3 December 2020

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Peter Baxter  
chairman

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## **Statement by management on the annual report**

The executive board has today discussed and approved the annual report of Kalvebod Brygge 47 K/S for the financial year 1 August 2019 - 31 July 2020.

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 July 2020 and of the results of the company's operations for the financial year 1 August 2019 - 31 July 2020.

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 company in general meeting.

Copenhagen, 3 December 2020

### **Management**

Peter Baxter  
Management

Grant Broadway  
Management

Julie Mossong  
Management

## **Independent auditor's report**

### **To the shareholder of Kalvebod Brygge 47 K/S**

#### **Opinion**

We have audited the financial statements of Kalvebod Brygge 47 K/S for the financial year 1 August 2019 - 31 July 2020, which comprise income statement, balance sheet, notes and summary of significant accounting policies. 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 July 2020 and of the results of the company's operations for the financial year 1 August 2019 - 31 July 2020 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.

#### **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.

## **Independent auditor's report**

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.

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.

## **Independent auditor's report**

### **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.

Frederiksberg, 3 December 2020  
CVR no. 30 70 02 28



Henrik Reedt  
State Authorised Public Accountant  
MNE no. mne24830

## Company details

### **The company**

Kalvebod Brygge 47 K/S  
Holbergsgade 14, 2. tv.  
1057 København K

CVR no.: 37 40 16 25

Reporting period: 1 August 2019 - 31 July 2020

Incorporated: 27. January 2016

Domicile: Copenhagen

### **Management**

Peter Baxter  
Grant Broadway  
Julie Mossong

### **Auditors**

ERNST & YOUNG  
Statsautoriseret Revisionspartnerselskab  
Dirch Passers Allé 36  
2000 Frederiksberg

## **Management's review**

### **Business review**

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

### **Financial review**

The Company's income statement for the year ended 31 July 2020 shows a profit of DKK 4.559.446, and the balance sheet at 31 July 2020 shows equity of DKK 378.383.853.

The ongoing Covid 19, has had an impact on all businesses in Denmark. However the retail market in the Copenhagen CDB area are having hard times. This concerns the Company as its tenants are retailshops and has resulted in an impairment of the investment property in the financial year of DKK 17,5 million.

Management have considered the possible impact of the ongoing Covid 19 situation. Although some of the tenants in the Company's investment property are influenced by this, it is managements belief, that the necessary measurements have been taken to avoid the more severe impacts. It is impossible to foresee the long term impacts, but management are confident, that the company will be able to handle this and continue operations.

### **Significant events occurring after the end of the financial year**

No events have occurred after the balance sheet date which could significantly affect the Company's financial position.



## **Accounting policies**

The annual report of Kalvebod Brygge 47 K/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

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

The annual report for 2019/20 is presented in DKK

### **Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

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**

### **Gross profit**

In pursuance of section 32 of the Danish Financial Statements Act, the Company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, other operating income less other external expenses.

### **Revenue**

Revenue comprise 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.

## **Accounting policies**

### **Other external costs**

Other external costs include expenses related to administration and property costs. Property costs include costs incurred to operate the Company'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.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to amortisation of mortgage loans etc.

## **Balance sheet**

### **Tangible assets 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 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.

On subsequent recognition, investment property is measured at cost less the year's depreciation and impairment losses. Investment properties are measured at fair value. Value adjustments of investment properties on subsequent recognition, investment property is measured at cost less the year's depreciation and impairment losses.

### **Receivables**

Receivables are measured at amortised cost.

An impairment loss is recognized if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognized.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

## **Accounting policies**

### **Equity**

#### **Dividends**

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

#### **Income tax and deferred tax**

The limited partnership company is not separately liable to tax, but is recognised in the tax base of the partner. Therefore, no separate tax has been recognised or provided for in the financial statements.

#### **Liabilities**

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

#### **Deferred income**

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

#### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

**Income statement**  
**1 August 2019 - 31 July 2020**

	<u>Note</u>	<u>2019/20</u>	<u>2018/19</u>
		DKK	DKK
<b>Gross profit</b>		<b>26.785.696</b>	<b>26.941.352</b>
Fair value adjustments of investment properties		-17.465.726	-541.544
<b>Profit/loss before net financials</b>		<b>9.319.970</b>	<b>26.399.808</b>
Financial costs		-4.760.524	-4.726.405
<b>Profit/loss for the year</b>		<b><u>4.559.446</u></b>	<b><u>21.673.403</u></b>
 <b>Recommended appropriation of profit/loss</b>			
Proposed dividend for the year		22.287.000	12.805.000
Extraordinary dividend for the year		0	1.211.050
Retained earnings		-17.727.554	7.657.353
		<b><u>4.559.446</u></b>	<b><u>21.673.403</u></b>

## Balance sheet at 31 July 2020

	<u>Note</u>	<u>2019/20</u> DKK	<u>2018/19</u> DKK
<b>Assets</b>			
Investment properties	1	<u>640.000.000</u>	<u>657.000.000</u>
<b>Tangible assets</b>		<b><u>640.000.000</u></b>	<b><u>657.000.000</u></b>
<b>Total non-current assets</b>		<b><u>640.000.000</u></b>	<b><u>657.000.000</u></b>
Trade receivables		0	7.516.623
Receivables from subsidiaries		34.034	0
Other receivables		<u>664.837</u>	<u>170.815</u>
<b>Receivables</b>		<b><u>698.871</u></b>	<b><u>7.687.438</u></b>
<b>Cash at bank and in hand</b>		<b><u>36.429.636</u></b>	<b><u>18.949.259</u></b>
<b>Total current assets</b>		<b><u>37.128.507</u></b>	<b><u>26.636.697</u></b>
<b>Total assets</b>		<b><u><u>677.128.507</u></u></b>	<b><u><u>683.636.697</u></u></b>

## Balance sheet at 31 July 2020

	<u>Note</u>	<u>2019/20</u> DKK	<u>2018/19</u> DKK
<b>Equity and liabilities</b>			
Contributed capital		350.802.500	350.802.500
Retained earnings		5.294.353	23.021.907
Proposed dividend for the year		22.287.000	12.805.000
<b>Equity</b>	<b>2</b>	<b><u>378.383.853</u></b>	<b><u>386.629.407</u></b>
Mortgage loans		276.488.449	275.521.159
Deposits		15.136.889	14.768.515
<b>Total non-current liabilities</b>	<b>3</b>	<b><u>291.625.338</u></b>	<b><u>290.289.674</u></b>
Trade payables		512.704	358.246
Payables to group enterprises		124.871	24.891
Other payables		1.435.252	1.411.075
Deferred income		5.046.489	4.923.404
<b>Total current liabilities</b>		<b><u>7.119.316</u></b>	<b><u>6.717.616</u></b>
<b>Total liabilities</b>		<b><u>298.744.654</u></b>	<b><u>297.007.290</u></b>
<b>Total equity and liabilities</b>		<b><u>677.128.507</u></b>	<b><u>683.636.697</u></b>
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## Notes

### 1 Assets measured at fair value

	<u>Investment pro- perties</u>
Cost at 1 August 2019	<u>625.921.785</u>
Cost at 31 July 2020	<u>625.921.785</u>
Revaluations at 1 August 2019	31.078.215
Revaluations for the year	-17.465.726
Straight-line revenue recognition for the year	<u>465.726</u>
Revaluations at 31 July 2020	<u>14.078.215</u>
<b>Carrying amount at 31 July 2020</b>	<b><u><u>640.000.000</u></u></b>

#### **Disclosure of the assumptions underlying fair value calculations of assets and liabilities**

The investment property has been valued based on an external estate agent's valuation using the Direct capitalisazion approach. The estate agent has set the required rate of return at 4.7%. The budgeted rental income has been determined based on leases entered into. The operating expenses of the property - including maintenance 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 640.000k.

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

Value at a rate of return of 4.45% (4.7% less 0.25%) DKK 675.900k

Value at a rate of return of 4.95% (4.7% plus 0.25%) DKK 607.700k

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 2020.

## Notes

### 2 Equity

	Contributed capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 August 2019	350.802.500	23.021.907	12.805.000	386.629.407
Ordinary dividend paid	0	0	-12.805.000	-12.805.000
Net profit/loss for the year	0	-17.727.554	22.287.000	4.559.446
<b>Equity at 31 July 2020</b>	<b>350.802.500</b>	<b>5.294.353</b>	<b>22.287.000</b>	<b>378.383.853</b>

### 3 Long term debt

	Debt at 1 August 2019	Debt at 31 July 2020	Instalment next year	Debt outstanding after 5 years
Mortgage loans	275.521.159	276.488.449	0	276.488.449
Deposits	14.768.515	15.136.889	0	0
	<b>290.289.674</b>	<b>291.625.338</b>	<b>0</b>	<b>276.488.449</b>

The long term loan expires April 2021. The loan will be renewed with another long term loan, and is accordingly disclosed as long term.

### 4 Mortgages and collateral

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

### 5 Related parties and ownership structure

#### 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.