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# ***IED Valby Maskinfabrik PropCo ApS***

c/o Capital Investment A/S, Sankt Annæ Plads 13, 2.  
th., DK-1250 København K

## **Annual Report for 1 January - 31 December 2019**

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CVR No 37 51 14 63

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
29/6 2020

Paul Farmer  
Chairman of the General  
Meeting



**pwc**

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## **Management's Statement**

The Executive Board has today considered and adopted the Annual Report of IED Valby Maskinfabrik PropCo ApS for the financial year 1 January - 31 December 2019.

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 financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 29 June 2020

### **Executive Board**

Roger Rolf Wilhelm Henning  
Executive Officer

Eva Kristina Granlund  
Executive Officer

Paul Farmer  
Executive Officer

# Independent Auditor's Report

To the Shareholder of IED Valby Maskinfabrik PropCo ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of IED Valby Maskinfabrik PropCo ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## 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.

## 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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

# Independent Auditor's Report

## 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 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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.

## Independent Auditor's Report

- 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.

Hellerup, 29 June 2020

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Maj-Britt Nørskov Nannestad

statsautoriseret revisor

mne32198

## **Company Information**

### **The Company**

IED Valby Maskinfabrik PropCo ApS  
c/o Capital Investment A/S  
Sankt Annæ Plads 13, 2. th.  
DK-1250 København K

CVR No: 37 51 14 63  
Financial period: 1 January - 31 December  
Municipality of reg. office: København K

### **Executive Board**

Roger Rolf Wilhelm Henning  
Eva Kristina Granlund  
Paul Farmer

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## **Management's Review**

Financial Statements of IED Valby Maskinfabrik PropCo ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Annual Report has been prepared under the same accounting policies as last year.

### **Development in the year**

The income statement of the Company for 2019 shows a profit of DKK 8,685,405, of which value adjustments amount to DKK -1,037,404, and at 31 December 2019 the balance sheet of the Company shows equity of DKK 182,094,932.

### **Uncertainty relating to recognition and measurement**

Investment properties are recognised at fair value. Fair value is determined based on discount models. Reference is made to note for a sensitivity analysis of uncertainties related to the determination of fair value.

### **Subsequent events**

The Company's outlook for the future will be affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak, see also subsequent events disclosures in note 1.

Company Management has tried to estimate the effect of COVID-19 on the expected revenue and net profit of the Company. It is, however, too early yet to give an opinion as to the extent of the implications. Therefore, Management finds itself unable to disclose reliably its outlook for the future in accordance with section 12 of the Danish Financial Statements Act.



## Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
<b>Gross profit/loss before value adjustments</b>		<b>20.868.317</b>	<b>19.970.202</b>
Value adjustments of assets held for investment		-1.037.404	2.457.827
<b>Gross profit/loss after value adjustments</b>		<b>19.830.913</b>	<b>22.428.029</b>
Financial income	2	0	139.544
Financial expenses	3	-8.696.256	-5.657.371
<b>Profit/loss before tax</b>		<b>11.134.657</b>	<b>16.910.202</b>
Tax on profit/loss for the year	4	-2.449.252	-5.094.917
<b>Net profit/loss for the year</b>		<b>8.685.405</b>	<b>11.815.285</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		8.685.405	11.815.285
		<b>8.685.405</b>	<b>11.815.285</b>

# Balance Sheet 31 December

## Assets

	Note	2019 DKK	2018 DKK
Investment properties		512.600.000	510.000.000
<b>Property, plant and equipment</b>	5	<b>512.600.000</b>	<b>510.000.000</b>
<b>Fixed assets</b>		<b>512.600.000</b>	<b>510.000.000</b>
Trade receivables		0	1.062.500
Receivables from group enterprises		5.691.260	5.721.286
Other receivables		127.633	0
Corporation tax		59.602	0
<b>Receivables</b>		<b>5.878.495</b>	<b>6.783.786</b>
<b>Cash at bank and in hand</b>		<b>8.427.418</b>	<b>880.367</b>
<b>Currents assets</b>		<b>14.305.913</b>	<b>7.664.153</b>
<b>Assets</b>		<b>526.905.913</b>	<b>517.664.153</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		80.000	80.000
Retained earnings		182.014.932	173.329.527
<b>Equity</b>		<b>182.094.932</b>	<b>173.409.527</b>
Provision for deferred tax		64.769.851	64.614.000
<b>Provisions</b>		<b>64.769.851</b>	<b>64.614.000</b>
Mortgage loans		237.773.290	249.248.566
Payables to group enterprises		17.000.000	0
<b>Long-term debt</b>	6	<b>254.773.290</b>	<b>249.248.566</b>
Current portion of long-term liabilities	6	9.126.710	9.567.178
Prepayments received from customers		0	289.762
Trade payables		110.727	297.830
Payables to group enterprises	6	641.356	0
Corporation tax		2.353.002	3.261.499
Deposits		9.155.419	9.450.190
Other payables		3.880.626	7.525.601
<b>Short-term debt</b>		<b>25.267.840</b>	<b>30.392.060</b>
<b>Debt</b>		<b>280.041.130</b>	<b>279.640.626</b>
<b>Liabilities and equity</b>		<b>526.905.913</b>	<b>517.664.153</b>
Subsequent events	1		
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## Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	80.000	173.329.527	173.409.527
Net profit/loss for the year	0	8.685.405	8.685.405
<b>Equity at 31 December</b>	<b>80.000</b>	<b>182.014.932</b>	<b>182.094.932</b>

# Notes to the Financial Statements

## 1 Subsequent events

Company Management has tried to estimate the effect of COVID-19 on the expected revenue and net profit of the Company. It is, however, too early yet to give an opinion as to the extent of the implications. Therefore, Management finds itself unable to disclose reliably its outlook for the future in accordance with section 12 of the Danish Financial Statements Act.

Besides the above, no other events have occurred after the balance sheet date up to this date, which would influence the evaluation of this annual report.

	<u>2019</u> DKK	<u>2018</u> DKK
<b>2 Financial income</b>		
Interest received from group enterprises	0	139.544
	<u>0</u>	<u>139.544</u>
<b>3 Financial expenses</b>		
Interest paid to group enterprises	491.111	0
Other financial expenses	8.205.145	5.657.371
	<u>8.696.256</u>	<u>5.657.371</u>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	2.358.843	3.172.664
Deferred tax for the year	90.409	2.043.000
Adjustment of tax concerning previous years	0	-120.747
	<u>2.449.252</u>	<u>5.094.917</u>

# Notes to the Financial Statements

## 5 Assets measured at fair value

	Investment pro- perties <u>DKK</u>
Cost at 1 January	483.058.171
Net effect from change of accounting policy	0
Exchange adjustment	0
Additions for the year	<u>3.637.404</u>
Cost at 31 December	<u>486.695.575</u>
Value adjustments at 1 January	26.941.829
Revaluations for the year	<u>-1.037.404</u>
Value adjustments at 31 December	<u>25.904.425</u>
<b>Carrying amount at 31 December</b>	<b><u>512.600.000</u></b>

### Assumptions underlying the determination of fair value of investment properties

The Company's properties are divided into the following percentages; 79 % offices, 8 % storages, 8 % Restaurants, and 5 % retail, with a total area of 24,594 sq.m. The weighted average unexpired leaseterm is 2.9 years.

The investment properties is located in the Copenhagen area.

The properties are valued with reference to the initial yield profile in an income capitalized approach, supported by a DCF approach. This method takes into account varying unit rental rates and costs overtime, as units are vacated and re-let at market levels. The valuation is made by the Management based on a valuation made by an external valuer.

The fair value of properties has been calculated based on the assumptions that the expected increase in market rent and the change in operating expenses will be 2 % and the rate of return will be 3,1 % - 4,1 %.

### Sensitivity in determination of fair value of investment properties

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognised in the balance sheet as well as value adjustments carried in the income statement.

Changes in average discount rate / average required rate of return	-0,5 %	Base	0,5 %
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## Notes to the Financial Statements

### 5 Assets measured at fair value (continued)

	DKK	DKK	DKK
Rate of return	3,1	3,6	4,1
Fair value	599.848.744	512.600.000	451.190.092
Change in fair value	87.248.744	0	-61.409.908

### 6 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2019 DKK	2018 DKK
<b>Mortgage loans</b>		
Between 1 and 5 years	237.773.290	249.248.566
Long-term part	237.773.290	249.248.566
Within 1 year	9.126.710	9.567.178
	<b>246.900.000</b>	<b>258.815.744</b>
<b>Payables to group enterprises</b>		
Between 1 and 5 years	17.000.000	0
Long-term part	17.000.000	0
Other short-term debt to group enterprises	641.356	0
	<b>17.641.356</b>	<b>0</b>

# Notes to the Financial Statements

## 7 Contingent assets, liabilities and other financial obligations

### Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Valby Holdco ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

The carrying amount of mortgaged properties is DKK 512,600,000



# Notes to the Financial Statements

## 8 Accounting Policies

The Annual Report of IED Valby Maskinfabrik PropCo ApS for 2019 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 remain unchanged from last year.

The Financial Statements for 2019 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

## Income Statement

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Gross profit/loss after value adjustments

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and expenses concerning investment properties.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

# Notes to the Financial Statements

## 8 Accounting Policies (continued)

### 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.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Investment properties

Investment properties constitute land and buildings held to earn a return on the invested capital by way of current operating income and/or capital appreciation on sale.

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed investment properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

After the initial recognition investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

In Management's opinion the classification of the properties as investment properties did not cause any difficulties.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

The fair value of investment properties has been assessed by the independent assessor firm Schroders

# Notes to the Financial Statements

## 8 Accounting Policies (continued)

International at 31 December 2019.

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

# Notes to the Financial Statements

## 8 Accounting Policies (continued)

### Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.