

Niels Juels Gade 9-13 ApS

Østergade 1, 1.
1100 København K
Business Registration No
38240609

Annual report 2018

The Annual General Meeting adopted the annual report on 10.05.2019

Chairman of the General Meeting

Name: Thomas Færch

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Entity details

Entity

Niels Juels Gade 9-13 ApS
Østergade 1, 1.
1100 København K

Central Business Registration No (CVR): 38240609

Registered in: København

Financial year: 01.01.2018 - 31.12.2018

Executive Board

Thomas Færch, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Niels Juels Gade 9-13 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 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.

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, 10.05.2019

Executive Board

Thomas Færch
CEO

Independent auditor's report

To the shareholders of Niels Juels Gade 9-13 ApS

Opinion

We have audited the financial statements of Niels Juels Gade 9-13 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.

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 opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 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, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements 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 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:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 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 audit 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 audit 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.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Copenhagen, 10.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Lars Andersen
State Authorised Public Accountant
Identification No (MNE) mne27762

Management commentary

Primary activities

The principle activities of the company are commerce with real estate or real estate companies and related activities.

Development in activities and finances

The result from ordinary activities after tax are a profit of DKK 70.600.912 against a loss of DKK 15.863 last year. The management consider the result satisfactory.

During 2018 the company revised the strategy for the project from residential and hotel to office use and decided to sell the project as an investment property. The revision of the strategy and the letting of the entire property, Niels Juels Gade was reclassified to investment property for financial reporting purpose resulting in a significant positive value adjustment.

Events after the balance sheet date

After the balance sheet date to this date, the investment property has been sold, the impact on the 2019 result is not significant.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2016/17 DKK</u>
Gross profit/loss		101.524.036	(20.337)
Fair value adjustments of investment property	2	<u>5.000.000</u>	<u>0</u>
Operating profit/loss		106.524.036	(20.337)
Other financial income	4	50.107	0
Other financial expenses	5	<u>(15.976.624)</u>	<u>0</u>
Profit/loss before tax		90.597.519	(20.337)
Tax on profit/loss for the year	6	<u>(19.996.607)</u>	<u>4.474</u>
Profit/loss for the year		<u>70.600.912</u>	<u>(15.863)</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		80.500.000	0
Retained earnings		<u>(9.899.088)</u>	<u>(15.863)</u>
		<u>70.600.912</u>	<u>(15.863)</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2016/17 DKK</u>
Investment property		313.000.000	0
Property, plant and equipment	7	313.000.000	0
Deferred tax		0	4.472
Fixed asset investments	8	0	4.472
Fixed assets		313.000.000	4.472
Work in progress		0	202.036.680
Inventories	9	0	202.036.680
Receivables from group enterprises		5.869.135	11.803
Other receivables		120.982	94.716
Prepayments		57.881	0
Receivables		6.047.998	106.519
Cash	10	528.001	893.188
Current assets		6.575.999	203.036.387
Assets		319.575.999	203.040.859

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2016/17 DKK</u>
Contributed capital		100.000	100.000
Retained earnings		5.035.049	14.934.137
Proposed dividend		<u>80.500.000</u>	<u>0</u>
Equity		<u>85.635.049</u>	<u>15.034.137</u>
Deferred tax		<u>19.992.135</u>	<u>0</u>
Provisions		<u>19.992.135</u>	<u>0</u>
Deposits		<u>5.869.832</u>	<u>2.655.434</u>
Non-current liabilities other than provisions		<u>5.869.832</u>	<u>2.655.434</u>
Loans raised by the issuance of bonds		0	1.121.007
Trade payables		1.590.889	0
Payables to group enterprises		203.742.263	183.171.209
Other payables		2.745.831	519.438
Deferred income		<u>0</u>	<u>539.634</u>
Current liabilities other than provisions		<u>208.078.983</u>	<u>185.351.288</u>
Liabilities other than provisions		<u>213.948.815</u>	<u>188.006.722</u>
Equity and liabilities		<u>319.575.999</u>	<u>203.040.859</u>
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Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	100.000	14.934.137	0	15.034.137
Profit/loss for the year	<u>0</u>	<u>(9.899.088)</u>	<u>80.500.000</u>	<u>70.600.912</u>
Equity end of year	<u>100.000</u>	<u>5.035.049</u>	<u>80.500.000</u>	<u>85.635.049</u>

Notes

1. Events after the balance sheet date

After the balance sheet date to this date, the investment property has been sold, the impact on the 2019 result is not significant.

2. Fair value adjustments of investment property

The fair value adjustment of investment property total DKK 5.000.000, which represents the adjustment after the investment property was transferred.

3. Staff costs

Average number of employees

<u>2018</u>	<u>2016/17</u>
<u>0</u>	<u>0</u>

4. Other financial income

Financial income arising from group enterprises

<u>2018</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
50.107	0
<u>50.107</u>	<u>0</u>

5. Other financial expenses

Financial expenses from group enterprises

Other interest expenses

<u>2018</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
15.958.528	0
18.096	0
<u>15.976.624</u>	<u>0</u>

6. Tax on profit/loss for the year

Current tax

Change in deferred tax

<u>2018</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
0	(2)
19.996.607	(4.472)
<u>19.996.607</u>	<u>(4.474)</u>

Notes

	Investment property DKK
	<u>DKK</u>
7. Property, plant and equipment	
Additions	308.000.000
Cost end of year	<u>308.000.000</u>
Fair value adjustments for the year	5.000.000
Fair value adjustments end of year	<u>5.000.000</u>
Carrying amount end of year	<u>313.000.000</u>

Investment properties consist of one property.

This investment property was transferred from inventory as management during 2018 decided not to develop this property further, and entered into a long-term lease contract. At the date the transfer, management recognized a gain in gross profit/loss.

The property is an office building in central Copenhagen of 7.647 m² including basement, leased 100% to one tenant on a 5.5 year-contract (31 December 2018). The fair value is based on a yield of 4.2%. Sensitivity analysis shows that a yield increase of 0.25 percentage points would reduce the fair value of the property with 17.5 million, and a reduction of 0.25 percentage points would increase the value with 19.0 million. The property is valued at approximately 42,000 DKK/m². Where basement is weighted at 50%.

After the balance sheet date, the Company entered into a sales agreement with an investor, supporting the valuation, and the property has been sold.

Investment property includes capitalized interest expenses and financing costs of DKK 25.402.521.

	Deferred tax DKK
	<u>DKK</u>
8. Fixed asset investments	
Cost beginning of year	4.472
Disposals	<u>(4.472)</u>
Cost end of year	<u>0</u>
Carrying amount end of year	<u>0</u>

9. Inventories

Inventories includes capitalized interest expenses and financing costs of DKK 0 (2017: DKK 1.121.007).

10. Cash

Cash includes DKK 528.001 where the use is restricted to specific purposes, such as interest payments, project development or construction or pledged as security.

Notes

11. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Gefion Group A/S 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.

12. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Gefion Group A/S, Copenhagen

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Gefion Group A/S, Copenhagen

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.

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 rate 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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, fair value adjustments of investment property and external expenses.

Revenue

Revenue from the sale of service is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

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 operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities. This item also includes writedowns of receivables recognised in current assets.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies.

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.

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 using 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.

Inventories

Work in progress consist of real property projects.

Accounting policies

The project portfolio is recognized on the basis of the direct cost attributable to the projects, including interest during the project period. Where considered necessary, the projects have been written down to a lower value, and the capitalized amounts are subjected to impairment tests on a continuous basis to ensure that the assets are written down to the extent that the carrying amount exceeds the estimated net realised value.

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Deferred tax is recognised on all temporary differences between in assets and liabilities with a balance sheet focus.

Deferred tax is measured on the basis 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.

Other financial liabilities

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

Deferred income

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