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KG 47 P/S
Central Business Registration No 35256180

Annual report 2014

The Annual General Meeting adopted the annual report on 04.02.2015

Chairman of the General Meeting

Name: Peter Drachmann

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Entity details

Entity

KG 47 P/S
c/o Aberdeen Asset Management Denmark A/S, Strandvejen 58, 2
2900 Hellerup

Central Business Registration No: 35256180
Registered in: Gentofte
Financial year: 01.01.2014 - 31.12.2014

Board of Directors

Peter Drachmann
Michael John Fitzgerald
Jacob Smed

Executive Board

Jacob Smed

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
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 KG 47 P/S for the financial year 01.01.2014 - 31.12.2014.

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 31.12.2014 and of the results of its operations for the financial year 01.01.2014 - 31.12.2014.

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.

Hellerup, 04.02.2015

Executive Board

Jacob Smed

Board of Directors

Peter Drachmann Michael John Fitzgerald Jacob Smed

Independent auditor's reports

To the owners of KG 47 P/S

Report on the financial statements

We have audited the financial statements of KG 47 P/S for the financial year 01.01.2014 - 31.12.2014, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company’s financial position at 31.12.2014 and of the results of its operations for the financial year 01.01.2014 - 31.12.2014 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

København, 04.02.2015

Deloitte

Statsautoriseret Revisionspartnerselskab

Lars Andersen
State Authorised Public Accountant

Management commentary

Primary activities

The object of the Company is to hold properties, both under own auspices and through subsidiaries, and other related activities.

Development in activities and finances

The Company owns Købmagergade 47 in Copenhagen.

The property consists of commercial leases and one residential unit.

The loss before value adjustments is DKK 3,639 thousand against DKK 19 thousand last year (8 months).

Profit for the year is DKK 19,298 thousand impacted by positive fair value adjustments of investment property and debt of DKK 22,711 thousand.

Management regards results as satisfactory although, considering the expected startup expenses, transaction costs and temporary fair value adjustments on financial liabilities.

Assets total DKK 104,550 thousand out of which DKK 104,100 thousand comprise the investment property recognised at fair value.

As of 31 December 2014, equity is DKK 52,601 thousand which equals a solvency ratio of 50.3%. Equity consists of share capital DKK 10.000 thousand following capital increases and retained earnings of DKK 42,601 thousand.

Uncertainty relating to recognition and measurement

Valuation of investment property

The investment property is measured at fair value, DKK 104,100 thousand against DKK 76,000 thousand last year.

Based on the external valuer's calculation, the fair value was assessed based on budgeted future cash flows from operating income. The fair value is then calculated as the stabilised net operating income divided by the exit yield, and then subjected to adjustments for loss of rent in estimated vacancy periods and to regulations to market rent and corresponding capital expenditures.

The exit yield is based on a long-term risk-free nominal interest rate plus a risk adjustment. The risk adjustment is made based on an assessment of the solvency of tenants and the duration of leases. The yield for 2014 has been determined to 4,7% against 4.4% last year.

Management commentary

Change in the valuation of the investment property is the principal financial risk for the Company and, as such, has a significant impact on the income statement. The calculation of the value of the investment property is subject to changes in net operating income and changes in market evaluation of the exit yield.

Outlook

The Company expects to continue investing in the development of the property portfolio. This is expected to lead to an increase in revenue and an improvement of operating income.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

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 for 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 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. 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

Revenue

Income related to property operation – excluding fair value adjustments – is recognised as rental income.

Accounting policies

Fair value adjustment of investment properties and related financial liabilities

Fair value adjustment of investment properties and related financial liabilities comprises adjustments for the financial year of the Entity's investment properties and related financial liabilities such as debt to mortgage credit institutions and bank debt at fair value.

Other external expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including among others amortisation, depreciation and impairment losses relating to other fixtures and fittings, tools and equipment.

Other financial income

Other financial income comprises interest income, net capital gains on transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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 by an external valuer at fair value which represents the amount at which the individual property may be sold to an independent buyer. The fair value of the properties is revalued annually based on value in use calculations for expected cash flows from the individual investment properties. When calculating values in use, a discount factor that reflects the current yield requirements on comparable properties is used. 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 cash in hand and bank deposits.

Accounting policies

Other provisions

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

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. Subsequent to initial recognition, mortgage debt is measured at fair value with recognition through profit or loss, similarly to measurement of investment property.

Other financial liabilities

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

Income statement for 2014

	Notes	2014 DKK	2013 DKK'000
Revenue		2.823.788	133
Other external expenses		(5.264.003)	(109)
Operating profit/loss		**(2.440.215)**	**24**
Other financial income	1	364	0
Other financial expenses	2	(1.199.338)	(43)
Profit/loss from ordinary activities before fair value adjustments and tax		**(3.639.189)**	**(19)**
Fair value adjustment of investment properties		22.710.787	(1.803)
Fair value adjustments of debt		226.500	(875)
Profit/loss for the year		**19.298.098**	**(2.697)**
Proposed distribution of profit/loss			
Retained earnings		19.298.098	(2.697)
		19.298.098	**(2.697)**

Balance sheet at 31.12.2014

	Notes	2014 DKK	2013 DKK'000
Investment property		104.100.000	76.000
Property, plant and equipment	3	**104.100.000**	**76.000**
Fixed assets		**104.100.000**	**76.000**
Receivables from group enterprises		139.296	0
Other short-term receivables		2.200	306
Receivables		**141.496**	**306**
Cash		**308.432**	**5.516**
Current assets		**449.928**	**5.822**
Assets		**104.549.928**	**81.822**

Balance sheet at 31.12.2014

	Notes	2014 DKK	2013 DKK'000
Contributed capital	4	10.000.000	10.000
Retained earnings		42.601.144	23.303
Equity		**52.601.144**	**33.303**
Other provisions		2.578.000	0
Provisions		**2.578.000**	**0**
Mortgage debts		45.500.000	45.726
Non-current liabilities other than provisions	5	**45.500.000**	**45.726**
Bank loans		2.594.067	0
Trade payables		619.675	0
Other payables		657.042	2.793
Current liabilities other than provisions		**3.870.784**	**2.793**
Liabilities other than provisions		**49.370.784**	**48.519**
Equity and liabilities		**104.549.928**	**81.822**
Assets charged and collateral	6		
Related parties with control	7		

Statement of changes in equity for 2014

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	10.000.000	23.303.046	33.303.046
Profit/loss for the year	0	19.298.098	19.298.098
Equity end of year	**10.000.000**	**42.601.144**	**52.601.144**

Notes

	2014 DKK	2013 DKK'000
1. Other financial income		
Interest income	364	0
	364	**0**

	2014 DKK	2013 DKK'000
2. Other financial expenses		
Interest expenses	1.199.338	43
	1.199.338	**43**

	Investment property DKK
3. Property, plant and equipment	
Cost beginning of year	77.802.983
Additions	5.389.213
Cost end of year	**83.192.196**
Fair value adjustments beginning of year	(1.802.983)
Fair value adjustments for the year	22.710.787
Fair value adjustments end of year	**20.907.804**
Carrying amount end of year	**104.100.000**

The investment property is valued by an external valuar, applying a return requirement of 4.7%.

	Number	Par value DKK	Nominal value DKK
4. Contributed capital			
Share capital	20.000	500,00	10.000.000
	20.000		**10.000.000**

Notes

	2014 DKK	2013 DKK
Changes in contributed capital		
Contributed capital beginning of year	10.000.000	0
Increase of capital	0	10.000.000
Contributed capital end of year	**10.000.000**	**10.000.000**

	Outstanding after 5 years 2014 DKK
5. Long-term liabilities other than provisions	
Mortgage debts	40.444.000
	40.444.000

6. Assets charged and collateral

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

7. Related parties with control

FB 40 ApS, Denmark owns 99% of the shares of the Company and thus has control over the Company.