

schmidt hammer lassen architects k/s

Hack Kampmanns Plads 10, 8000 Århus C

CVR no. 20 72 81 32

Annual report 2018

Approved at the Company's annual general meeting on 25 June 2019

Chairman:

.....
Michael Christiansen





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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of schmidt hammer lassen architects k/s for the financial year 1 January - 31 December 2018.

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 of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Aarhus, 25 June 2019
Executive Board:

.....
Sanne Wall-Gremstrup
Managing Director


.....
Dana Waymire
Director

Board of Directors:

.....
Michael Christensen
Chairman


.....
Philip Leonard Harrison
Deputy Chairman

.....
Kristian Lars Ahlmark

.....
Bjarne Hammer Rasmussen

.....
Niels Jørgen Kornerup

Independent auditor's report

To the shareholders of schmidt hammer lassen architects k/s

Opinion

We have audited the financial statements of schmidt hammer lassen architects k/s for the financial year 1 January - 31 December 2018, which comprise 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 financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 as to 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 the 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.

Independent auditor's report

- ▶ 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 note 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 the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Aarhus, 25 June 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Tom B. Lassen
State Authorised Public Accountant
mne24820



Management's review

Company details

Name	schmidt hammer lassen architects k/s
Address, Postal code, City	Hack Kampmanns Plads 10, 8000 Århus C
CVR no.	20 72 81 32
Established	6 March 1998
Registered office	Aarhus
Financial year	1 January - 31 December
Board of Directors	Michael Christiansen, Chairman Philip Leonard Harrison, Deputy Chairman Kristian Lars Ahlmark Bjarne Hammer Rasmussen Niels Jørgen Kornerup
Executive Board	Sanne Wall-Gremstrup, Managing Director Dana Waymire, Director
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Financial highlights

DKKt	2018	2017	2016	2015	2014
Key figures					
Revenue	177,222	138,501	144,328	143,718	139,267
Gross margin	36,369	36,845	20,799	23,149	25,017
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	13,434	10,535	9,118	9,242	11,880
Ordinary operating profit/loss	10,553	7,893	5,302	5,417	7,723
Net financials	789	-2,716	-1,304	-1,048	-610
Profit before tax	11,602	5,998	4,684	3,108	0
Profit/loss for the year	11,602	5,998	4,684	3,108	4,190
Total assets	107,200	90,782	92,221	88,982	94,644
Equity	41,892	37,478	30,810	26,146	25,575
Average number of employees	154	120	112	120	109

For terms and definitions, please see the accounting policies.

Management's review

Business review

schmidt hammer lassen architects k/s is an architecture firm providing services within architecture and interior design. The entity operates both in Denmark and internationally, and its primary markets are in Scandinavia, Europe, Asia and North America.

The portfolio consists of projects within the culture segment (museums of art, libraries and education centres), residential buildings, commercial buildings and mixed-use buildings as well as projects within the health sector.

At 1 January 2018, the Company decided to join the global architecture firm Perkins+Will in a strategic partnership that increases SHL's international reach. The global platform provides increased access to resources, skills and expertise, including research and new knowledge.

Going forward, the Company will still present a separate annual report, but will also be included in the consolidated financial statements of Perkins+Will.

The Group's international project portfolio accounts for a significant part of total revenue.

The Company's second American project was announced when SHL was appointed as design architect to the ambitious development of World Trade Center at Boston Harbor, an icon for future development in Boston Harbor located on a prominent site.

Our expertise within transformation, development and design of libraries was further strengthened in 2018. We started designing the university library in Bristol, a milestone for the university's revitalisation of Clifton Campus and the new Sports and Culture Campus Gellerup in Aarhus. This multi-use facility will become a new rendezvous acting as library, citizen centre, community house, and sports centre.

The year 2018 also saw milestones within a number of projects, for instance

- Opening of the HU University of Applied Sciences Building in Utrecht
- Breaking ground on the Detroit Monroe Blocks development
- Opening of the Framehouse mass timber office building in Dragør
- Breaking ground on the Carlsberg CA2 tower
- Opening of the New Central Library in Christchurch and
- Renovation of the State Library Victoria in Melbourne

The new multi-purpose administration centre in Skanderborg was the first public building in Denmark to obtain the highest certification in the recognised DGNB standard for sustainability, DGNB Platinum.

Within the Product Design category, we were awarded the international Red Dot Award for the product design HeartFelt, a sustainable ceiling system developed in cooperation with HunterDouglas.

The Christchurch Central Library has been recognized as one of four finalists for the prestigious IFLA/Systematic Public Library of the Year.

Financial review

In 2018, the Group realised revenue and profit for the year that are considered satisfactory as the expected growth was achieved within the selected market segments during 2018.

Special risks

The Company's revenue from international projects is relatively high. The need for currency hedging will be specifically assessed for each project, and forward exchange contracts will be concluded if necessary to cover any risks.

Management's review

Research and development activities

Research and knowledge development continuously form part of the Company's working methodology. As part of the architectural vision to promote the development within innovative and sustainable construction, the Company has spent years developing specialized knowledge groups.

We ensure targeted skills development in the organisation via an ambitious strategy for the area. The in-service training strategy of the Company thus supports the training of experts and skills development in general for all employees .

In 2018, the Ph.D. project "People Behavior: Using Digital Twin of a Smart Building to Attain a Quantitative Understanding and Improvement of the User Experience" continued, with the aims to examine the impact of architecture on the user experience at Dokk1 , Scandinavia's largest public library, as a case study. The project is realised with subsidies from Innovation Fund Denmark and Realdania.

We actively cooperate with advisors and knowledge institutions in Denmark and abroad, e.g. by participating as guest lecturers at universities and schools of architecture and as lecturers and panel participants at conferences. In 2018 , we were keynote speakers in 3 continents.

HR management supports the ambition of a strengthened international profile. The number of international employees in the Company represented approx. 40% of total staff in 2018.

CSR report

schmidt hammer lassen architects works determinedly and strategically with CSR in the sense of social, environmental and economic sustainability. The Company has acceded to UN's Global Compact for many years and is thus under an obligation to have a targeted focus on initiatives supporting four central areas: human rights, labor rights, environment and anti-corruption.

The Company reports separately on its CSR activities every year and most recently in 2018. The report can be downloaded on the Company's website and on Global Compact's website.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year end.

Outlook

We expect that the partnership with Perkins+Will combined with continued focused market efforts will entail a significant development of the Company and that we will experience significant growth in our project portfolio, both nationally and internationally.

It is the Company's ambition and strategic objective that both revenue and profit should increase significantly over the coming years.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2018	2017
	Revenue	177,221,646	138,500,649
	Reinvoiced outlay	-16,196,091	-35,108,502
	Other operating income	264,800	0
	Raw materials and consumables	-88,778,346	-42,298,328
	Other external expenses	-36,142,803	-24,248,650
	Gross profit	36,369,206	36,845,169
3	Staff costs	-22,935,563	-26,309,768
4	Amortisation/depreciation of intangible assets and property, plant and equipment	-2,616,067	-2,642,877
	Profit before net financials	10,817,576	7,892,524
	Income from investments in group entities	-4,493	822,104
5	Financial income	1,112,156	239,133
6	Financial expenses	-323,367	-2,955,296
	Profit for the year	11,601,872	5,998,465

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2018	2017
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Software	140,004	1,032,420
		140,004	1,032,420
8	Property, plant and equipment		
	Fixtures and fittings, tools and equipment	2,545,964	3,485,732
	Leasehold improvements	1,481,533	915,569
		4,027,497	4,401,301
9	Investments		
	Investments in group entities, net asset value	0	8,402,885
	Other securities and investments	2,251,398	1,900,090
	Other receivables	1,693,315	1,056,312
		3,944,713	11,359,287
	Total fixed assets	8,112,214	16,793,008
	Non-fixed assets		
	Receivables		
	Trade receivables	42,689,863	32,168,492
10	Work in progress for third parties	40,638,742	19,562,998
	Receivables from group entities	6,686,662	16,829,812
	Other receivables	828,959	1,251,950
	Prepayments	708,748	2,232,018
		91,552,974	72,045,270
	Cash	7,534,898	1,943,403
	Total non-fixed assets	99,087,872	73,988,673
	TOTAL ASSETS	107,200,086	90,781,681

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2018	2017
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	4,000,000	4,000,000
	Net revaluation reserve according to the equity method	0	2,431,196
	Retained earnings	37,891,838	31,047,122
	Total equity	41,891,838	37,478,318
	Provisions		
9	Provision, investments in group entities	0	55,339
	Total provisions	0	55,339
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Lease liabilities	825,850	1,240,562
	Subordinate loan capital	0	4,000,000
		825,850	5,240,562
	Current liabilities other than provisions		
	Current portion of long-term liabilities	572,141	894,461
	Bank debt	0	11,028,517
10	Prepayments on work in progress	32,870,979	8,738,976
	Trade payables	9,994,521	9,969,822
	Payables to group entities	2,979,545	327,777
	Other payables	18,065,212	17,047,909
		64,482,398	48,007,462
	Total liabilities other than provisions	65,308,248	53,248,024
	TOTAL EQUITY AND LIABILITIES	107,200,086	90,781,681

- 1 Accounting policies
- 2 Special items
- 11 Collateral
- 12 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 January 2017	4,000,000	1,685,625	25,124,096	30,809,721
13	Transfer, see "Appropriation of profit"	0	991,811	5,006,654	5,998,465
	Exchange adjustment	0	-246,240	0	-246,240
	Other value adjustments of equity	0	0	916,372	916,372
	Equity at 1 January 2018	4,000,000	2,431,196	31,047,122	37,478,318
13	Transfer, see "Appropriation of profit"	0	-2,431,196	14,033,068	11,601,872
	Distribution	0	0	-7,188,352	-7,188,352
	Equity at 31 December 2018	4,000,000	0	37,891,838	41,891,838

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of schmidt hammer lassen architects k/s for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking Parent Company P+W Denmark ApS.

Basis of recognition and measurement

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Raw materials and consumables, etc.

Reinvoiced outlays include costs for sub-suppliers regarding contract work in progress.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cost of sales

Direct project costs include salaries and fees for architects, construction designers and draughtsmen as well as direct costs, e.g. insurance and travelling expenses, etc.
Remuneration of owners is expensed in 2017.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Software	3 years
Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

Profit from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the Parent Company after full elimination of intra-group profits/losses.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Balance sheet

Intangible assets

Software, which is recognised in the balance sheet, is measured at the lower of cost less accumulated amortisation and recoverable amount.

Cost comprises the purchase price and any costs directly attributable to acquisitions until the date when the asset is available for use.

Software is amortised over 1-3 years.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Depreciation is provided on a straight-line basis over the assets' expected useful lives. Fixtures and fittings, tools and equipment are depreciated over 1-5 years.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as external costs.

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost. Write-downs are made for expected losses at the net realisable value.

Work in progress for third parties

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Securities and investments

Securities and investments consisting in listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Liabilities

Liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Subordinate loan capital

Liabilities where the creditors have stated they are willing to subordinate their claim to rank after all the entity's other creditors are presented as subordinate loan capital. Subordinate loan capital is recognised using the same method as applies to liabilities.

2 Special items

In 2018, the Company received a group contribution from Perkins+Will Inc. of DKK 2,387 thousand in connection with cost related to change of ownership and restructuring.

The contribution is recognised in income statement.

DKK	2018	2017
3 Staff costs		
Wages/salaries	82,245,409	58,815,172
Pensions	6,650,286	7,991,200
Other social security costs	956,992	705,155
Staff costs transferred to direct costs	-66,917,124	-41,201,759
	22,935,563	26,309,768
 Average number of full-time employees	 154	 120

Remuneration to members of management:

Total remuneration to Management: DKK 2,103 thousand (2017: DKK 4,541 thousand).

DKK	2018	2017
4 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	892,416	0
Depreciation of property, plant and equipment	1,723,651	2,642,877
	2,616,067	2,642,877
 5 Financial income		
Interest income, etc.	228,000	213,755
Value adjustments	884,156	25,378
	1,112,156	239,133

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2018	2017	
6 Financial expenses			
Interest expenses, etc.	321,851	825,809	
Value adjustments	1,516	2,129,487	
	323,367	2,955,296	
7 Intangible assets			
DKK		Software	
Cost at 1 January 2018		4,341,201	
Disposals in the year		-4,157,894	
Cost at 31 December 2018		183,307	
Impairment losses and amortisation at 1 January 2018		3,308,781	
Amortisation/depreciation in the year		20,368	
Reversal of amortisation/depreciation and impairment of disposals		-3,285,846	
Impairment losses and amortisation at 31 December 2018		43,303	
Carrying amount at 31 December 2018		140,004	
8 Property, plant and equipment			
DKK	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2018	13,170,894	2,460,569	15,631,463
Additions in the year	1,043,003	883,293	1,926,296
Disposals in the year	-1,542,620	0	-1,542,620
Cost at 31 December 2018	12,671,277	3,343,862	16,015,139
Impairment losses and depreciation at 1 January 2018	9,685,162	1,545,000	11,230,162
Amortisation/depreciation in the year	1,785,013	317,329	2,102,342
Reversal of amortisation/depreciation and impairment of disposals	-1,344,862	0	-1,344,862
Impairment losses and depreciation at 31 December 2018	10,125,313	1,862,329	11,987,642
Carrying amount at 31 December 2018	2,545,964	1,481,533	4,027,497

Financial statements 1 January - 31 December

Notes to the financial statements

9 Investments

DKK	Investments in group entities, net asset value	Other securities and investments	Other receivables	Total
Cost at 1 January 2018	5,971,690	150,000	1,056,312	7,178,002
Additions in the year	0	0	637,003	637,003
Disposals in the year	-5,716,654	0	0	-5,716,654
Cost at 31 December 2018	<u>255,036</u>	<u>150,000</u>	<u>1,693,315</u>	<u>2,098,351</u>
Value adjustments at 1 January 2018	2,431,195	1,750,090	0	4,181,285
Exchange adjustment	23,535	0	0	23,535
Share of the profit/loss for the year	-4,493	0	0	-4,493
Other adjustments, investments	-1,233,576	0	0	-1,233,576
Revaluations for the year	0	351,308	0	351,308
Reversal of revaluation of sold investments	-1,471,697	0	0	-1,471,697
Value adjustments at 31 December 2018	<u>-255,036</u>	<u>2,101,398</u>	<u>0</u>	<u>1,846,362</u>
Carrying amount at 31 December 2018	<u><u>0</u></u>	<u><u>2,251,398</u></u>	<u><u>1,693,315</u></u>	<u><u>3,944,713</u></u>

Name	Domicile	Interest
Subsidiaries		
Schmidt Hammer & Lassen Ltd.	England	100%
Schmidt Hammer Lassen Architects BV	The Netherlands	100%

DKK	2018	2017
10 Work in progress for third parties		
Selling price of work performed	573,738,036	367,895,377
Progress billings	-565,970,273	-357,071,355
	<u>7,767,763</u>	<u>10,824,022</u>
recognised as follows:		
Work in progress for third parties(assets)	40,638,742	19,562,998
Work in progress for third parties(liabilities)	-32,870,979	-8,738,976
	<u>7,767,763</u>	<u>10,824,022</u>

Financial statements 1 January - 31 December

Notes to the financial statements

11 Collateral

Contingent liabilities

A chattel mortgage registered to the mortgager of DKK 10,000 thousand has been provided as collateral for bank debt secured upon fixtures and fittings, operating equipment and goodwill. A charge has been provided as collateral for bank debt secured upon unsecured claims of DKK 13,000 thousand.

The Company has total tenancy commitments comprising 6 leases of DKK 14,687 thousand. The period of notice varies from 1 to 50 months.

The Company has concluded a lease with a term of 23 months. The lease liability totals DKK 886 thousand in the period of notice.

The Company is a party to cases typical for the construction business. The Company tries to address these risks by means of insurance. If the Company should be held financially responsible, a provision will be made in this respect.

Warranties

The Company's bank has, in the name of the Company, provided guarantees for the lessors of premises totalling DKK 371 thousand at December 31 2018.

Moreover, the Company has provided performance bonds regarding work in progress in the amount of DKK 2,200 thousand, while the Company's subsuppliers have provided performance bonds in the name of the Company totalling DKK 1,364 thousand.

Financial statements 1 January - 31 December

Notes to the financial statements

12 Related parties

schmidt hammer lassen architects k/s' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
P+W Denmark ApS	Hellerup	Participating interest

Significant influence

Related party	Domicile	Basis for significant influence
Sanne Wall-Gremstrup	Charlottenlund	Managing Director
Dana Waymire	Concord, California	Director
Michael Christiansen	Graested	Chairman
Philip Leonard Harrison	Atlanta, Georgia	Deputy Chairman
Kristian Lars Ahlmark	Copenhagen	Board member
Bjarne Hammer Rasmussen	Juelsminde	Board member
Niels Jørgen Kornerup	Charlottenlund	Board member

Information about consolidated financial statements

Parent	Domicile
P+W Denmark ApS	Hellerup

Related party transactions

schmidt hammer lassen architects k/s was engaged in the below related party transactions:

DKK	2018	2017
Management fee/IT allocations (expense)	15,214,723	0
Contribution from Group (income)	2,386,940	0

The Company's transactions with related parties primarily relate to current balances, management fees and contribution from the Group. Except for the transactions above, all transactions have been made according to the arm's length principle.

DKK	2018	2017
13 Appropriation of profit		
Recommended appropriation of profit		
Net revaluation reserve according to the equity method	-2,431,196	991,811
Retained earnings	14,033,068	5,006,654
	<u>11,601,872</u>	<u>5,998,465</u>

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Sanne Wall-Gremstrup

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