
Bellakvarter A/S

Center Boulevard 5, DK-2300 København S

Annual Report for 1 January - 31 December 2019

CVR No 26 06 77 15

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
05/08 2020

Mette Kapsch
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Bellakvarter A/S 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 and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 5 August 2020

Executive Board

Henrik Gram
Executive Officer

Mette Kapsch
Executive Officer

Board of Directors

Rune Holmgaard Poulsen
Chairman

Søren Møller-Larsson
Deputy Chairman

Martin Rauhe Pedersen

Independent Auditor's Report

To the Shareholders of Bellakvarter A/S

Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Bellakvarter A/S 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, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company 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 Group's and 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 Group or 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 and the Group'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 Group's and 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, 5 August 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Torben Jensen
statsautoriseret revisor
mne18651

Claus Carlsson
statsautoriseret revisor
mne29461

Company Information

The Company

Bellakvarter A/S
Center Boulevard 5
DK-2300 København S

CVR No: 26 06 77 15
Financial period: 1 January - 31 December
Incorporated: 21 September 1964
Financial year: 55th financial year
Municipality of reg. office: Copenhagen

Board of Directors

Rune Holmgaard Poulsen, Chairman
Søren Møller-Larsson, Deputy Chairman
Martin Rauhe Pedersen

Executive Board

Henrik Gram
Mette Kapsch

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2019	2018	2017	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Profit/loss					
Revenue	78,301	157,145	619,985	94,114	0
Gross profit/loss	(2,600)	(11,386)	25,612	(4,991)	0
Value adjustment of investment properties / land	154,910	231,894	35,756	158,172	73,118
Profit/loss before financial income and expenses	149,124	216,008	58,368	152,681	34,312
Net financials	(21,670)	(2,735)	(4,355)	(4,090)	0
Profit before tax, continuing activities	127,454	213,273	54,013	148,591	41,420
Profit/loss from discontinuing activities	0	0	(48,130)	(261,170)	26,477
Net profit/loss for the year	98,368	166,363	(4,460)	(146,821)	53,240
Balance sheet					
Balance sheet total	1,303,770	1,447,281	881,316	856,705	3,084,860
Equity	491,207	567,839	401,476	345,880	1,103,001
Production properties	0	3,186	7,686	10,686	437,633
Investment properties, (land for development)	344,884	361,833	384,500	327,563	808,669
Investment properties, (rental properties)	120,172	580,292	0	0	0
Investment properties, (rental properties in progress)	755,815	433,303	0	0	0
Hotel property	0	0	0	0	1,441,838
Inventories	0	0	339,185	347,617	156,130

Financial Highlights

	Group				
	2019	2018	2017	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Cash flows					
Cash flows from:					
- operating activities	(43,656)	(119,498)	3,084	66,853	(36,336)
- investing activities	301,383	(436,312)	(15,979)	(86,011)	(56,823)
including investment in property, plant and equipment	(565,509)	(436,312)	(15,979)	(86,011)	(56,823)
- financing activities	(220,843)	470,691	(33,951)	167,285	103,360
Change in cash and cash equivalents for the year	36,884	(85,119)	(46,846)	148,127	10,201
Ratios					
Solvency ratio	37.7 %	39.2 %	45.6 %	40.4 %	35.8 %

For definitions of financial ratios, see under accounting policies.

The Company's hospitality activities and related assets/liabilities were carved out and injected into three newly established subsidiaries of the Company during 2016. The activities have been presented as profit/loss from discontinued activities in 2015, 2016 and 2017.

Management's Review

Consolidated and Parent Company Financial Statements of Bellakvarter A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Key activities

Bellakvarter is a new attractive urban district of Copenhagen. In cooperation with the Copenhagen Municipality, the Company has developed a masterplan for approximately 182,000 square metres land area on which more than 335,000 square metres of new residential and commercial property can be constructed.

The construction projects are carried out through the 100% owned subsidiary Bellakvarter Projektselskab A/S, in close cooperation with Solstra Development ApS, and other carefully selected business partners.

Management's Review

The past year and follow-up on development expectations from last year

Total Group revenue amounts to DKK 78 million in 2019 (2018: DKK 157 million). Revenue decline is related to social housing properties as the remaining 22% contractual work of social housing, in total 11,400 square metres, have been completed during the year.

Profit of total sales amounts to DKK 22 million (2018: DKK 10 million). The increase is related to parking income with a higher margin. The second parking house of Bellakvarter with 400 parking spaces opened in the 3rd quarter of 2019.

Total external cost at DKK 25 million consist of property taxes, consultancy cost and administrative/marketing costs (2018: DKK 21 million). Increase is mainly related to property tax and sales cost on sale of rental properties.

Value adjustments add up to DKK 155 million (2018 232 million), including valuation of sold rental properties at DKK 105 million and valuation of building rights at DKK 42 million, arising from constructions of 12,000 square metres set in progress in 2019.

Depreciations for 2019 amounts to DKK 3.2 million (2018: DKK 4.5 million). Financial expenses in 2019 amounts to DKK 21.7 million (2018: DKK 2.7 million). The financial cost in 2019 includes mortgage loan costs and duty stamp on mortgage deeds.

The Group's profit of operations before tax for 2019 amounts to DKK 127 million (2018: DKK 213 million). Tax amounts to DKK 29 million. Income tax is at DKK 65 million and deferred tax decrease is at DKK 36 million is in majority related to investment property disposals of total DKK 857 million in 2019.

Net profit after tax amounts to DKK 98 million (2018: DKK 166 million).

Management's Review

Capital resources

Total property in the balance sheet totals up to DKK 1,221 million (2018: DKK 1,379 million).

Completed investment properties is at DKK 120 million (2018: DKK 580 million). The 22,300 square metres parking houses with 845 parking spaces are valued at cost price.

Properties under construction is at DKK 755 million (2018: DKK 433 million). The apartment properties under construction total up to 37,700 square metres, heroff 12,000 square metres pre-sold. The corresponding building rights are valued at market value.

Land for development is at DKK 345 million (2018: DKK 362 million). The 215,000 square metres building rights add up to DKK 257 million, valued at fair value. Construction cost related to corresponding initiated land mature amounts to DKK 88 million.

The equity amounts to DKK 491 million as per 31 December 2019 (2018: DKK 568 million). A dividend payment in 2019 was at DKK 175 million.

Total debt to financial institutions amounts to DKK 590 million in 2019 (2018: DKK 639 million). Short-term facilities at a total of DKK 568 million comprise construction loans and short term due on long term loans. Long term mortgage loans on completed parking properties totals at DKK 21 million.

Payable to group enterprises of DKK 68 million comprise of payable income tax (2018: DKK 17 million).

Management's Review

Targets and expectations for the year ahead

Bellakvarter is an upcoming district in Copenhagen.

It is the ambition to create a unique destination and a new neighborhood nearby the current hotel-, exhibition and conference facilities of Bella Center Copenhagen. The intention is to create a local flow of pedestrians, cyclists and cars and open up the area to create a living city.

The new urban open spaces with recreational facilities will be established to the benefit of both the approximately 1.5 million annual commercial visitors, the new citizens of approximately 2,300 new private homes and the potential 6,500 jobs that can be accommodated.

The local area plan 508 established in 2014 is in January 2019 expanded into local plan area 571. Together with the 538 from 2016 the Company is enabled to initiate 251,000 building square metres of the Bellakvarter masterplan of total 335,000 building square metres.

The masterplan also includes building of 4 parking houses with approximately 3,000 parking spaces.

The first building constructions in Bellakvarter were initiated in 2015. At the end of 2019 66,900 square metres residential properties have been completed, hereof 23,200 social housing. More than 650 apartments/row houses have been moved into. Further 22,300 square metres parking house have been completed at the end of 2019.

In 2020 additional construction of 34,600 square metres apartment properties are expected to be initiated.

Prior year outlook expectations have been met in a satisfactory way. However, fair value adjustments related to three plots were postponed from Q4 2019 to 2020.

The Company expects an increase of 2020 Group profit, including value adjustments of properties and before financial expenses and tax (EBIT).

Statement of corporate social responsibility in accordance with section 99(a) of the Danish Financial Statements Act.

Business model

The Group develops the new attractive urban area of Bellakvarter with close access to downtown Copenhagen. The development is a large-scale construction of residential and commercial properties. The development take place in close cooperation with Solstra Development ApS, sub-contractors, suppliers and other partners. The Group does not employ any construction workers as the construction is out-sourced to sub-contractors with whom the Group has a close relationship.

When construction is finished, each property is either sold or rented out.

The development of the area includes construction of apartments, parking lots, office buildings, social

Management's Review

housing, child day-care etc.

Societal responsibility

Social responsibility is a focus for the Group when developing Bellakvarter, and includes policies and guidelines for each of the following areas:

Environmental responsibility:

The Group's biggest risk related to impacting the environment, is through the use of materials in construction of properties and surrounding areas. To mitigate this, the Group initiated a DGNB certification process in 2018, a certificate for sustainable building. The Group succeeded in achieving the expected DGNB Gold midterm certification for Bellakvarter in September 2019. The DGNB certification assesses urban districts, which demonstrate an outstanding commitment to meeting sustainability objectives, marking Bellakvarter as a highly sustainable urban district. The certification covers all of the key qualities: environmental, economic, sociocultural and functional, technology, and process, in which Bellakvarter has achieved a high score within all categories. Bellakvarter is the first Danish urban district to receive a DGNB Gold midterm certification. As an example of specific actions undertaken by the Group, the Group strives to use recycled materials when possible, central garbage handling are implemented for each residential unit, which allows for easy waste sorting and effective transportation when residents move in. In addition, the sub-contractors are obliged to avoid dust pollution, dangerous waste of oil and chemicals and emissions into the atmosphere. Furthermore, in close connection with the Municipality of Copenhagen the Bellakvarter masterplan has passed the requirements set by the Municipality in regards to water, energy and transportation usage, as well as exceeding the standards relating to lifecycle management of materials and utilization of floor space.

Social responsibility:

When considering the social impact, the Group focuses on the well-being of the coming residents in the area. The Group has had close communication with the Municipality of Copenhagen regarding these matters, and will as a result implement several facilities including, but not limited to, sports- gardening and cultural facilities, that will help ensure a healthy social environment for the residents. In addition to this, the Municipality plans to operate day-care centers in the area. Other focus areas in regards to social responsibilities has been securing the well-being of the residents. As an example, sub-contractors are obliged to avoid noise pollution as much as possible. In the masterplan several related factors have been taken into consideration. The urban area lies close to water, why surface water and risk of flooding was an integral part when designing the area. In addition, the Group considered noise from wind, traffic and corporations in the area. Furthermore, in close connection with the Municipality of Copenhagen the Bellakvarter masterplan has passed the requirements set by the Municipality in regards to identity, city space, social diversity and green areas, as well as exceeding the standards relating to creating life in the city. In regards to social responsibility, major focus areas include employee health, diversity, human rights etc.

Employee responsibility:

Management's Review

The Group's main risk within employee responsibility, is related to the use of several sub-contractors and partners. This poses a threat to our responsibility towards the workers, as the Group do not have direct insight into how the sub-contractors manages their employees. In order to make sure that employees are treated well, the Group has implemented labor clauses in contracts that oblige sub-contractors to fulfill ILO convention 94 and comply with labor rights and public law in general. With our close cooperation with partners and sub-contractors, we can have a close look at whether or not they fulfill these requirements, as a further safety measure to make sure the requirements are met. During the year 2019, no indications of violation of the ILO convention 94 has been identified. Another big risk is that of work-related accidents, that will always be present with big construction projects. As a result, the Group has implemented a demand that sub-contractors implement a working climate that minimizes the risk of work-related accidents, and that management has an adequate focus on this highly important matter. All activities are planned and displayed on a central planning station, on the construction site. Also all incidents have to be reported. Due to these activities and policies and our close cooperation with sub-contractors, in our best opinion, no employees are mistreated, not paid according to collective agreements or vulnerable to excess risk of work-related accidents.

Human rights responsibility:

The biggest risk for the Group in relation to Human rights is related to sub-contractors employees. To make sure the employees are not in danger of violation of their basic human rights, the contractors are obliged to fulfill ILO convention 94, as written about under Employee responsibility. We have through the year had an ongoing dialogue with contractors in relations to the human rights issue, and seeked to identify whether any contractors did not fulfill ILO convention 94, cf. above regarding 'Employee responsibility'. Furthermore all employees are given the right to join a Union, which in turn can assist them if they should be subject to any violations. It is our firm assumption that no basic human rights have been violated in the construction process in 2019.

Anticorruption and –bribery responsibility:

The Group has clear zero tolerance policy in regards to anticorruption and bribery. When hiring employees and sub-contractors the Group makes sure to communicate this, especially when it comes to the close cooperation with the Municipality of Copenhagen and other governmental organizations. The Group has implemented continuous monitoring and controls to mitigate this risk as much as possible. The Group has in the year 2019 not been aware of any indications, that any employee or sub-contractor has broken the policy on this area. The Group is closely monitoring the construction of properties on a daily basis, including that the policies for societal responsibility are followed in the construction process.

Management's Review

Statement on gender composition

Currently, the Company have two employee's registered in the upper levels of management, and equal gender representation have been met at the upper level of management. In 2019 the Annual General Assembly elected four members of the Board of Directors, of which one of the four members are a woman. In the new year, a new Board of Directors was elected consisting of three male members. When choosing between equally qualified candidates, the diversity among the Board of Directors will be taken into consideration. However, the aim to increase the representation of the underrepresented gender, must not rank above the other competency requirements in the nomination of board candidates, why the Company, having under 50 employees, has not prepared a policy to increase the representation of the underrepresented gender.

Uncertainty relating to recognition and measurement

Uncertainty relating to recognition and measurement Undeveloped land areas have been measured at expected market value. The market value is based on individual assessment of plots. For further details reference is made to the note for property, plant and equipment as well as the note for assets measured at fair value.

Unusual events

The financial position at 31 December 2019 of the Group and the results of the activities and cash flows of the Group for the financial year for 2019 have not been affected by any unusual events.

Subsequent events

The Corona Virus Disease 2019 ("Covid-19") is currently not expected to have impact on buildings under construction and sale of properties in 2020.

See also note 1.

As per 31 January 2020, Bella Solstra and Alm. Brand Bank have sold their shareholding in the company totalling more than 90% to Sampension-fællesskabet and MP pension. The new majority owners have subsequently carried out a standard mandatory squeeze-out process ("Tvangsindløsning" in Danish) for the remaining minority shares and have obtained 100% ownership of the company by May 2020.

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2019	2018	2019	2018
		DKK '000	DKK '000	DKK '000	DKK '000
Revenue	2	78,301	157,145	77,600	154,647
Cost of goods sold		(55,862)	(147,083)	(59,527)	(149,704)
Other external expenses		(25,039)	(21,448)	(24,875)	(21,369)
Gross profit/loss before value adjustments		(2,600)	(11,386)	(6,802)	(16,426)
Value adjustments of investment properties/land		154,910	231,894	154,910	231,894
Gross profit/loss after value adjustments		152,310	220,508	148,108	215,468
Depreciation and impairment of property, plant and equipment		(3,186)	(4,500)	(3,186)	(4,500)
Profit/loss before financial income and expenses		149,124	216,008	144,922	210,968
Financial income	3	711	1,325	711	1,325
Financial expenses	4	(22,381)	(4,060)	(22,224)	(3,954)
Profit/loss before tax		127,454	213,273	123,409	208,339
Tax on profit/loss for the year	5	(29,086)	(46,910)	(28,186)	(45,823)
Net profit/loss for the year		98,368	166,363	95,223	162,516

Balance Sheet 31 December

Assets

	Note	Group		Parent Company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Production properties	7	0	3,186	0	3,186
Investment properties, (land for development)	8	344,884	361,833	344,884	361,833
Investment properties, (rental properties)	8	120,172	580,292	120,172	580,292
Investment properties, (rental properties in progress)	8	755,815	433,303	755,815	433,303
Property, plant and equipment		1,220,871	1,378,614	1,220,871	1,378,614
Investments in subsidiaries	9	0	0	500	500
Fixed asset investments		0	0	500	500
Fixed assets		1,220,871	1,378,614	1,221,371	1,379,114
Trade receivables		0	22,036	0	16,707
Other receivables		14,642	15,258	14,642	7,362
Receivables		14,642	37,294	14,642	24,069
Cash at bank and in hand	10	68,257	31,373	65,591	24,326
Currents assets		82,899	68,667	80,233	48,395
Assets		1,303,770	1,447,281	1,301,604	1,427,509

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent Company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Share capital		20,269	20,269	20,269	20,269
Share premium account		170,509	170,509	170,509	170,509
Retained earnings		300,429	377,061	288,319	368,096
Equity	11	491,207	567,839	479,097	558,874
Provision for deferred tax	12	92,029	129,213	93,439	130,575
Other provisions	13	6,411	6,191	0	0
Provisions		98,440	135,404	93,439	130,575
Mortgage loans		21,446	211,924	21,446	211,924
Credit institutions		0	48,240	0	48,240
Long-term debt	14	21,446	260,164	21,446	260,164
Mortgage loans	14	1,212	3,779	1,212	3,779
Credit institutions	14	566,981	374,638	566,981	374,638
Prepayments received from customers		0	3,004	0	3,004
Trade payables		49,846	35,541	3,695	2,392
Contract work in progress, liabilities	15	0	35,238	0	0
Payables to group enterprises		68,396	16,754	129,492	79,147
Deposits		3,404	9,724	3,404	9,724
Other payables		2,838	5,196	2,838	5,212
Short-term debt		692,677	483,874	707,622	477,896
Debt		714,123	744,038	729,068	738,060
Liabilities and equity		1,303,770	1,447,281	1,301,604	1,427,509
Subsequent events	1				
Distribution of profit	6				
Contingent assets, liabilities and other financial obligations	18				
Related parties	19				
Accounting Policies	20				

Statement of Changes in Equity

Group

	Share capital DKK '000	Share premium account DKK '000	Retained earnings DKK '000	Total DKK '000
Equity at 1 January	20,269	170,509	377,061	567,839
Extraordinary dividend paid	0	0	(175,000)	(175,000)
Net profit/loss for the year	0	0	98,368	98,368
Equity at 31 December	20,269	170,509	300,429	491,207

Parent Company

Equity at 1 January	20,269	170,509	368,096	558,874
Extraordinary dividend paid	0	0	(175,000)	(175,000)
Net profit/loss for the year	0	0	95,223	95,223
Equity at 31 December	20,269	170,509	288,319	479,097

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2019 DKK '000	2018 DKK '000
Net profit/loss for the year		98,368	166,363
Adjustments	16	(92,884)	(168,491)
Change in working capital	17	(9,743)	(84,050)
Cash flows from operating activities before financial income and expenses		(4,259)	(86,178)
Financial income		711	1,325
Financial expenses		(22,381)	(4,060)
Cash flows from ordinary activities		(25,929)	(88,913)
Corporation tax paid		(17,727)	(30,585)
Cash flows from operating activities		(43,656)	(119,498)
Purchase of property, plant and equipment		(565,509)	(436,312)
Sale of property, plant and equipment		866,892	0
Cash flows from investing activities		301,383	(436,312)
Proceeds/repayment of loans from credit institutions		144,103	201,694
Proceeds/repayment of payables to group enterprises		3,099	0
Mortgage loans obtained		337,235	260,164
Repayment of mortgage loans		(530,280)	0
Cash capital increase		0	8,833
Dividend paid		(175,000)	0
Cash flows from financing activities		(220,843)	470,691
Change in cash and cash equivalents		36,884	(85,119)
Cash and cash equivalents at 1 January		31,373	116,492
Cash and cash equivalents at 31 December		68,257	31,373
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		68,257	31,373
Cash and cash equivalents at 31 December		68,257	31,373

Notes to the Financial Statements

1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

Consequently, the assessments of impairment indications and fair value adjustments made by Management at 31 December 2019 are based on the future cash flows expected by Management at 31 December 2019, which may differ from the cash flows expected by Management at the time of adoption of the Annual Report

Bellakvarter A/S activities relates to the development of Bellakvarter urban district of Copenhagen. To date, Bellakvarter A/S has not been significant impacted of Covid-19 as the ongoing development still follows the plan for development.

	Group		Parent Company	
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
2 Revenue				
Geographical segments				
Revenue, Denmark	78,301	157,145	77,600	154,647
	78,301	157,145	77,600	154,647
Business segments				
Sale of properties	5,685	22,845	5,685	22,181
Rent	25,189	10,185	25,189	10,185
Work in progress	47,427	124,115	46,726	122,281
	78,301	157,145	77,600	154,647
3 Financial income				
Other financial income	711	1,325	711	1,325
	711	1,325	711	1,325

Notes to the Financial Statements

4 Financial expenses

Interest paid to group enterprises	0	279	0	279
Other financial expenses	22,381	3,781	22,224	3,675
	<u>22,381</u>	<u>4,060</u>	<u>22,224</u>	<u>3,954</u>

5 Tax on profit/loss for the year

Current tax for the year	65,296	(61)	64,348	(2,158)
Deferred tax for the year	(36,000)	48,056	(35,952)	49,067
Adjustment of tax concerning previous years	974	(837)	974	(838)
Adjustment of deferred tax concerning previous years	(1,184)	(248)	(1,184)	(248)
	<u>29,086</u>	<u>46,910</u>	<u>28,186</u>	<u>45,823</u>

6 Distribution of profit

	Group		Parent Company	
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Extraordinary dividend paid	175,000	0	175,000	0
Retained earnings	<u>(76,632)</u>	<u>166,363</u>	<u>(79,777)</u>	<u>162,516</u>
	<u>98,368</u>	<u>166,363</u>	<u>95,223</u>	<u>162,516</u>
Extraordinary dividend after year end	<u>0</u>	<u>175,000</u>	<u>0</u>	<u>175,000</u>

7 Property, plant and equipment

Group

	Production properties DKK '000
Cost at 1 January	<u>15,051</u>
Cost at 31 December	<u>15,051</u>

Notes to the Financial Statements

7 Property, plant and equipment (continued)

Group	Production properties <u>DKK '000</u>
Impairment losses and depreciation at 1 January	11,865
Depreciation for the year	<u>3,186</u>
Impairment losses and depreciation at 31 December	<u>15,051</u>
Carrying amount at 31 December	<u>0</u>

Notes to the Financial Statements

8 Assets measured at fair value

	Group and Parent		
	Investment pro- perties, (land for development) DKK '000	Investment properties, (rental properties) DKK '000	Investment properties, (rental properties in progress) DKK '000
Cost at 1 January	102,903	411,704	290,275
Additions for the year	0	38,399	527,110
Disposals for the year	(9,701)	(552,909)	0
Transfers for the year	(5,036)	222,978	(217,942)
Cost at 31 December	<u>88,166</u>	<u>120,172</u>	<u>599,443</u>
Value adjustments at 1 January	258,930	168,588	143,028
Revaluations for the year	42,044	104,782	0
Reversal of revaluations of sold assets	0	(304,282)	0
Transfers for the year	(44,256)	30,912	13,344
Value adjustments at 31 December	<u>256,718</u>	<u>0</u>	<u>156,372</u>
Carrying amount at 31 December	<u>344,884</u>	<u>120,172</u>	<u>755,815</u>

Assumptions underlying the determination of fair value of investment properties

The valuation (net book value "NBV") of Investment properties (land for development), Investment properties (rental properties) as well as Investment properties (rental properties in progress) of total DKK 1,221 million has been determined based on the principles described in the accounting policies. The valuation takes into consideration the most recent external valuation report dated 11 January 2019. However, the external valuation report does not take into account the principles applied.

NBV of DKK 1,221 million take into account provision of profit share to Municipality of Copenhagen and By & Havn, that will not be payable if development is completed.

NBV takes into consideration an approval of a local master plan for the north-west corner of Bellakvarter area, enabling 68,500 square metres of construction.

Notes to the Financial Statements

	Parent Company	
	2019	2018
	DKK '000	DKK '000
9 Investments in subsidiaries		
Cost at 1 January	500	500
Cost at 31 December	500	500
Value adjustments at 1 January	0	0
Value adjustments at 31 December	0	0
Carrying amount at 31 December	500	500

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Bellakvarter Projektselskab A/S	Copenhagen	500	100 %	12,610	3,145

	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
10 Cash at bank and in hand				
Restricted Cash	4,000	7,178	4,000	2,237
Other cash at bank and in hand	64,257	24,195	61,591	22,089
	68,257	31,373	65,591	24,326

Notes to the Financial Statements

11 Equity

The share capital consists of 2,026,900,919 shares of a nominal value of DKK 0.01. No shares carry any special rights.

The share capital has developed as follows:

	2019	2018	2017	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Share capital at 1 January	20,269	20,269	17,266	362,590	257,642
Capital increase	0	0	3,003	0	104,948
Capital decrease	0	0	0	(345,324)	0
Share capital at 31 December	20,269	20,269	20,269	17,266	362,590

12 Provision for deferred tax

	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
Provision for deferred tax at 1 January	129,213	81,405	130,575	81,756
Amounts recognised in the income statement for the year	(37,184)	47,808	(37,136)	48,819
Provision for deferred tax at 31 December	92,029	129,213	93,439	130,575
Property, plant and equipment and inventories	93,713	129,396	93,713	129,396
Other	(1,684)	(183)	(274)	1,179
	92,029	129,213	93,439	130,575

Deferred tax has been provided at 22% corresponding to the current tax rate.

Notes to the Financial Statements

	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
13 Other provisions				
Warranty provision on constructed properties	6,411	6,191	0	0
	6,411	6,191	0	0

14 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:

	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
Mortgage loans				
After 5 years	16,638	196,186	16,638	196,186
Between 1 and 5 years	4,808	15,738	4,808	15,738
Long-term part	21,446	211,924	21,446	211,924
Within 1 year	1,212	3,779	1,212	3,779
	22,658	215,703	22,658	215,703
Credit institutions				
Between 1 and 5 years	0	48,240	0	48,240
Long-term part	0	48,240	0	48,240
Other short-term debt to credit institutions	566,981	374,638	566,981	374,638
	566,981	422,878	566,981	422,878

Notes to the Financial Statements

	Group		Parent Company	
	2019	2018	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000
15 Contract work in progress				
Selling price of work in progress	0	159,599	0	(157,240)
Payments received on account	0	(194,837)	0	157,240
	0	(35,238)	0	0
Recognised in the balance sheet as follows:				
Prepayments received recognised in debt	0	(35,238)	0	0
	0	(35,238)	0	0

	Group	
	2019	2018
	DKK '000	DKK '000
16 Cash flow statement - adjustments		
Financial income	(711)	(1,325)
Financial expenses	22,381	4,060
Depreciation, amortisation and impairment losses, including valuation adjustments	(143,640)	(218,136)
Tax on profit/loss for the year	29,086	46,910
	(92,884)	(168,491)

	Group	
	2019	2018
	DKK '000	DKK '000
17 Cash flow statement - change in working capital		
Change in inventories	0	7,205
Change in receivables	22,652	(12,674)
Change in other provisions	220	(5,577)
Change in trade payables, etc	(32,615)	(73,004)
	(9,743)	(84,050)

Notes to the Financial Statements

18 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with banks:

Property, plant and equipment as well as investment properties have been charged as collateral with mortgagecredit institutes. The collateral amounts to DKK 695,000k (2018: DKK 515,000k) for credit facilities and DKK 22,658k (2018: DKK 219,738k) for mortgage loans.

Guarantee obligations

The Company is guarantor with primary liability for whatever amount owed to credit mortgage institutions by Bellakvarter Projektselskab A/S in the future pursuant to the following liability, including interest and expenses in the event of default: DKK 68,800k (2018:TDKK 55,800k)

Other contingent liabilities

For the income year 2019, the companies within the Solstra Investments A/S group 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 Solstra Investments A/S, which is the management company for 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.

Notes to the Financial Statements

19 Related parties

Related parties during the year are considered to be the Board of Directors, Key Management and Solstra Investments A/S' subsidiaries such as Bella Solstra Holding A/S, Bella Solstra A/S (Immediate parent company) and Bellakvarter Projektselskab A/S (subsidiary).

Controlling interest

ALFI Mark Trust, Liechtenstein	Ultimate parent company
Markerina Investments Ltd., Cyprus	Intermediate parent company
Solstra Holdings Cyprus Ltd., Cyprus	Intermediate parent company
Solstra Investments A/S, Copenhagen	Intermediate parent company
Bella Solstra Holding A/S, Copenhagen	Intermediate parent company
Bella Solstra A/S, Copenhagen	Immediate parent company

Bella Solstra A/S is holding 84% of the votes in the Company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

All transactions with related parties have been made on an arm's length basis.

Consolidated Financial Statements

The Company is included in the consolidated financial statements of Solstra Investments A/S and the ultimate parent company ALFI Mark Trust, Liechtenstein. As a result of the legislation in Liechtenstein the said consolidated financial statements are not published.

<u>Name</u>	<u>Place of registered office</u>
Solstra Investments A/S	Copenhagen

The Group Annual Report of Solstra Investments A/S may be obtained at the following address:

Lautrupsgade 7
DK-2100 Copenhagen

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Bellakvarter A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2019 are presented in DKK '000.

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, 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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Bellakvarter A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

20 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Revenue

Information on business segments based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Rental income is recognised on a straight line-basis over the term of the lease.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of goods sold

Cost of goods sold primarily include cost of construction of sold goods for the year.

Notes to the Financial Statements

20 Accounting Policies (continued)

Other external expenses

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

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

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 Solstra Investments A/S, as well as its subsidiaries, including Bellakvarter Projektselskab A/S (subsidiary of Bellakvarter A/S). The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Investment properties and Property, plant and equipment

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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 external real estate appraiser at 11 January 2019.

The estimates applied are based on historical 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.

Comparable market transactions

In Management's opinion the determination of fair value for the year was enabled through comparable market transactions and, consequently, valuation is based on the expected selling price of investment properties.

Other property, plant and equipment

Other property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are 10-50 years. Depreciation period and residual value are reassessed annually.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

20 Accounting Policies (continued)

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

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.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes to the Financial Statements

20 Accounting Policies (continued)

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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.

Financial debts

Loans, such as 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.

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

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Notes to the Financial Statements

20 Accounting Policies (continued)

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Notes to the Financial Statements

20 Accounting Policies (continued)

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$