Solstra Investments A/S

Lautrupsgade 7, 3. tv, DK-2100 Copenhagen Ø

Annual Report for 2016

CVR No 32 14 71 35

The Annual Report has been presented and adopted at the Annual General Meeting of the Company on 31 May 2017.

Mette Kapsch

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Management's Statement

The Board of Directors and Executive Board have today considered and adopted the Annual Report of Solstra Investments A/S for the financial year 1 January - 31 December 2016.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Financial Statements are prepared in accordance with the Danish Financial Statements Act. Moreover, the Consolidated Financial Statements and the Financial Statements are prepared in accordance with additional Danish disclosure requirements. Management's Review is also prepared in accordance with Danish disclosures requirements

In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Group and the Company and of the results of the Group and Company operations and consolidated cash flows for the financial year 1 January - 31 December 2016.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Company, of the results for the year and of the financial position of the Group and the Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company.

We recommend that the Annual Report be adopted by the Annual Shareholders' Meeting.

Copenhagen, 31 May 2017

Executive Board

Oscar Claudius Crohn

Board of Directors

Vincent Marie Georges Fernand Luc de Cannière
Chairman

Johan Ewald Lorentzen

Oscar Claudius Crohn

Independent Auditor's Report

To the Shareholders of Solstra Investments A/S

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2016 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2016 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Solstra Investments-Group for the financial year 1 January - 31 December 2016, 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 statement of comprehensive income and cash flow statement for the Group ("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 Financials 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 Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of 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 Parent 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 Parent 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 judgment and maintain professional skepticism 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 Group's and the Parent Company'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 Parent 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 Group and the Parent 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.

Copenhagen, 31 May 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen	Claus Carlsson
State Authorised Public Accountant	State Authorised Public Accountant

Company Information

The Company	Solstra Investments A/S Lautrupsgade 7, 3. tv DK-2100 Copenhagen Ø CVR no: 32 14 71 35 Financial period: 1 January - 31 December Financial year: 7th financial year Municipality of reg. office: Copenhagen
Board of Directors	Vincent Marie Georges Fernand Luc de Cannière (Chairman) Johan Ewald Lorentzen Oscar Claudius Crohn
Executive Board	Oscar Claudius Crohn
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Consolidated Financial Statements	The Company is included in the Consolidated Financial Statements of Solstra Holdings Cyprus Ltd. As a result of the legislation in Cyprus, the Consolidated Financial Statements are not published.

Financial Highlights

Group

	2016 DKK '000	2015 DKK '000	2014 DKK '000	2013 DKK '000	2012 DKK '000
Income statement					
Revenue	1,156,373	916,946	669,237	660,081	250,607
Gross profit	187,092	133,693	71,050	105,077	306,795
Depreciation and amortisation	(77,683)	(71,761)	(50,682)	(40,782)	(19,291)
Profit before financial items	595,828	559,321	254,204	683,674	243,991
Financial income and expenses	(268,918)	(105,797)	(172,596)	(54,961)	(100,882)
Profit before tax	326,910	453,524	81,608	628,713	143,109
Net profit for the year	228,456	432,051	52,176	633,205	57,152
Balance sheet					
Balance sheet total	4,272,854	4,157,168	3,156,513	3,007,653	2,489,267
Equity	1,209,990	1,028,712	799,438	821,690	539,139
Production property	437,699	437,634	453,617	569,704	0
Hotel property	1,433,368	2,300,512	1,444,841	1,321,504	0
Investment property	1,166,765	903,669	888,515	769,866	2,095,000
Credit institution	2,144,297	2,141,671	1,394,514	1,402,690	1,162,417
Investment in PPE	(75,313)	(85,532)	(63,473)	(47,092)	(10,635)
Cash flows					
Cash flows from:					
Operating activities	(218,761)	(2,203)	68,231	150,833	71,027
Investing activities	990,074	(175,814)	(64,104)	93,673	(11,326)
Financing activities	(282,865)	92,458	5,695	(327,710)	(104,985)
Change in cash and cash equivalents	488,448	(62,062)	9,821	(83,204)	(45,286)
No of employees	696	653	462	510	99
Ratios					
Gross margin	16%	15%	10%	16%	122%
Profit margin	52%	61%	36%	104%	97%
Return on assets	14%	15%	8%	25%	10%
Solvency ratio	28%	25%	25%	27%	22%
Return on equity	20%	47%	6%	93%	10%

The financial ratios have been prepared in accordance with the latest "Recommendations & Financial Ratios 2015" issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's review

Main activity

Solstra Investment A/S is an investment company primarily focused on the property market, secondarily on the Scandinavian hotel and retail market.

Development in the year

The Group continued its active investment profile and carried out a reorganisation of its two portfolio companies; ATPPD Kalvebod A/S (previously Hotelinvest Kalvebod A/S) and BC Hospitality Group A/S splitting the different commercial activities into individual companies with either Hospitality operations, investments properties or property development activities. The reorganisation enabled the Group to divest part of its investment portfolio through the sale of ATPPD Kalvebod A/S in December 2016 to Danish pension funds Arbejdsmarkedets Tillægspension and PensionDanmark.

Solstra Investments portfolio consists of the BCHG Holding Group, which includes strong hospitality assets as the fully modern trade fair and convention centre Bella Center Copenhagen, the AC Hotel Bella Sky Copenhagen, Comwell Conference Center Copenhagen, Forum Copenhagen and the operation of the Marriott Hotel Copenhagen. Furthermore, the portfolio includes Bellakvarter A/S which has developed a masterplan for approximately 200.000 square meter land area on which approximately 300.000 square metres of new office buildings and private homes shall be constructed. At the end of 2016 building of 41,565 square metres are in progress, hereof 11,845 square metres subsidised housing in cooperation with fsb. In total 400 private homes have been constructed/are under construction at the end of 2016.

Moreover, the Group has activities within retail fashion wear in Denmark, production and sale of exclusive chocolate products and owns a well-located logistics property in Avedøre Holme.

Management is very satisfied with its investments, and continue to execute its development plans for the Group intending to realising significant growth rates in the years to come. To further support this development, the Group is looking for more relevant expansion and investment opportunities in the Nordic region.

At the end of the year, Solstra Investments' share of equity amounted to DKK 1,209,990k, (DKK 1,028,712k in 2015) corresponding to a solvency ratio of 28% (25% in 2015). The Group is thus ready to face new investments when such possibilities are identified.

The Group had a profit in 2016 of DKK 228,456k (DKK 432,051k in 2015) and Management is very satisfied with the continued positive development which is in line with expectations. In 2017, Management will continue to focus on the optimisation of the existing portfolio as well as on new investments.

In Management's opinion, the Group's capital resources and liquidity are satisfying.

Market risks

Management believes that the hotel and congress market will be another strong year in 2017 and is thus comfortable with the outlook on this part of the portfolio. The risk of non-leasing and vacancies on the remaining properties has not been covered. There are some factors which affect the risk of non-leasing and vacancies, including the location, condition and rent level of the property as well as the macroeconomic development for the geographical area in question. The Group is comfortable about the quality of the Group's properties, including their condition and unique location, and focuses on maximising rental income and reducing any involuntary vacancies. This is done in close cooperation with local estate agents and property managers.

Interest rate risks
The Solstra Investments Group is exposed to the interest rate risk on the part of the Group's debts which is not hedged by financial instruments. In 2016, the Group's senior debt was mainly hedged in mortgage banks, and so it will be in 2017. In Management's opinion, this is the optimal structure at present.

Corporate social responsibility
The Group has not prepared policies for corporate social responsibility. However, the portfolio company BC Hospitality Group A/S (through the annual of accounts of BCHG Holding A/S) has published a larger CSR report on the business activities.

Diversity
The Solstra Investments Group pursues a policy of providing equal opportunities for both genders at all levels in the Group.

When choosing between equally qualified candidates, the diversity among the employees will be taken into consideration, as it is the aim that both genders attain a representation at management levels of at least 25%.

Solstra Investments has defined a target that by 2020, at least one member of the Board of Directors or the management must belong to the under-represented gender. However, this target must not rank above the other competency requirements in the nomination of board candidates. The Board of Directors currently consists of three male members. However, several of the portfolio companies has female representation at both the Board of Director and/or the management level.

Subsequent events
The Solstra Investments Group has not experienced any significant subsequent events after 31 December 2016, which have an impact on the consolidated financial statements.

Income Statement of 1 January – 31 December

Group

	Note	2016 DKK '000	2015 DKK '000
Revenue	3	1,156,373	916,946
Cost of goods sold		(331,395)	(231,276)
Other external costs		(325,321)	(282,739)
Staff expenses	4	(312,565)	(269,238)
Gross profit		**187,092**	**133,693**
Other operating income, net	5	486,419	497,389
Depreciation and amortisation	6	(77,683)	(71,761)
Profit before financial income and expenses		**595,828**	**559,321**
Financial income	7	5,158	32,071
Financial expenses	8	(274,076)	(137,868)
Profit before tax		**326,910**	**453,524**
Tax on profit for the year	9	(98,454)	(21,473)
Net profit for the year		228,456	432,051

Attributable to		
Shareholders in Solstra Investments A/S	213,747	422,415
Non-controlling interests	14,709	9,636
	228,456	432,051

Consolidated Statement of Comprehensive Income 1 January – 31 December

	2016 DKK '000	2015 DKK '000
Group		
Net profit for the year	228,456	432,051
Items that will not be reclassified to profit or loss		
Fair value adjustment of property	107,418	5,518
Tax of fair value adjustment	(23,632)	(1,241)
Items that may be reclassified to profit or loss		
Recycling of prior years' fair value adjustments on cash flow hedges	140,840	31,364
Tax of fair value adjustment	(25,021)	(5,489)
Other comprehensive income	**199,605**	**30,152**
Total comprehensive income for the year	428,061	462,203
Profit is attributable to		
Shareholders in Solstra Investments A/S	381,278	447,109
Non-controlling interests	46,783	15,094
	428,061	462,203

Balance Sheet 31 December - Assets

Group

	Note	2016 DKK '000	2015 DKK '000
Assets			
Non-current assets			
Software	10	32	86
Completed development projects	11	530	909
Intangible assets		**562**	**995**
Leasehold improvements	12	6,437	8,416
Equipment	13	171,494	163,459
Production properties	14	437,699	437,634
Hotel properties	15	1,433,368	2,300,512
Investment properties	16	1,166,765	903,669
Tangible assets		**3,215,763**	**3,813,690**
Deposits	17	27,444	2,103
Financial assets		**27,444**	**2,103**
Non-current assets		**3,243,769**	**3,816,788**
Inventories	18	361,627	163,330
Trade receivables	19	86,227	86,308
Other receivables	20	31,836	36,247
Derivative financial instruments	25	6,452	0
Cash and cash equivalents	21	542,943	54,495
Current assets		**1,029,085**	**340,380**
Total assets		**4,272,854**	**4,157,168**

Balance Sheet 31 December – Liabilities and Equity

Group

	Note	2016 DKK '000	2015 DKK '000
Liabilities and equity			
Share capital		100,500	100,500
Retained earnings		1,109,490	928,212
Proposed dividend for the year		0	0
Equity		**1,209,990**	**1,028,712**
Non-controlling interests	22	**246,432**	**199,649**
Provision for deferred tax	23	236,355	250,732
Other provisions		695	0
Credit institutions	25	1,738,146	2,069,642
Deposits	24	24,399	17,845
Non-current liabilities		**1,999,595**	**2,338,219**
Credit institutions	25	406,151	164,074
Trade payables		133,434	90,272
Prepayments received from customers		57,387	70,966
Derivative financial instruments		0	212,040
Deposits	24	71,406	0
Work in progress		48,624	0
Other payables		99,834	53,236
Current liabilities		**816,836**	**590,588**
Total liabilities and equity		**4,272,854**	**4,157,168**

Statement of Changes in Equity

Group

	Share Capital DKK '000	Other reserves DKK '000	Retained earnings DKK '000	Proposed dividend for the year DKK '000	Total equity DKK '000
At 1 January 2015	100,500	347,812	326,722	24,405	799,439
Ordinary dividend	0	0	0	(24,405)	(24,405)
Interim dividend paid	0	0	(190,634)	0	(190,634)
Transfer	0	(347,812)	347,812	0	0
Acquisition of minority interest	0	0	(2,797)	0	(2,797)
Net profit for the year	0	0	422,415	0	422,415
Other comprehensive income for the year	0	0	24,694	0	24,694
At 31 December 2015	100,500	0	928,212	0	1,028,712
Extraordinary dividend	0	0	0	0	0
Interim dividend paid	0	0	(200,000)	0	(200,000)
Net profit for the year	0	0	213,747	0	213,747
Other comprehensive income for the year	0	0	167,531	0	167,531
At 31 December 2016	100,500	0	1,109,490	0	1,209,990

	2016 DKK '000	2015 DKK '000
Share capital at 1 January	100,500	100,500
Capital increase	0	0
Share capital at 31 December	100,500	100,500

The share capital consists of 100,500,002 shares of a nominal value of DKK 1. No shares carry any special rights.

	2016 DKK '000	2015 DKK '000
Number of shares at 1 January	100,500,002	100,500,002
Capital increase	0	0
Number of shares at 1 January	100,500,002	100,500,002

Cash Flow Statement 1 January – 31 December

Group

	Note	2016 DKK '000	2015 DKK '000
Profit before financial income and expenses		**595,828**	**559,024**
Adjustments for income statement items without cash effect	33	(427,985)	(192,889)
Change in working capital	34	(46,347)	(276,594)
Cash flow from operating activities before financial items		**121,496**	**89,451**
Financial income received		0	1,059
Financial expenses paid		(346,570)	(92,803)
ash flow from operating activities		**218,761**	**(2,203)**
Purchase of intangible assets		(75,313)	0
Purchase of tangible assets		(25,341)	(85,532)
Net acquisition of subsidiaries	32	0	(90,282)
Sale of tangible assets		1,097,041	0
Cash flow from investing activities		**996,387**	**(175,814)**
Capital increases from non-controlling interests		0	19,777
Repayment of mortgage		(440,105)	(1,024,053)
Mortgage obtained		357,240	1,312,373
Dividend paid		(200,000)	(215,039)
Cash flow from financing activities		**(282,865)**	**92,458**
Cash from acquisition of subsidiaries		0	23,497
Change in cash and cash equivalents		**488,448**	**(62,062)**
Cash and cash equivalents at 1 January		54,495	116,557
Cash and cash equivalents at 31 December		**542,943**	**54,495**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		542,943	54,495
Cash and cash equivalents at 31 December		**542,943**	**54,495**

Notes to the Financial Statements

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Note 1 – Accounting policies for the Financial Statements

The Annual Report of Solstra Investments A/S Group for 2016 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and additional Danish requirements applying to presentation of Annual Reports of large enterprises of reporting class C, cf the Danish Executive Order on Adoption of IFRSs issued pursuant to the Danish Financial Statements Act.

The accounting policies applied remain unchanged from last year.

Solstra Investments A/S is a public limited company and its registered office is in Copenhagen, Denmark.

Implementation of new standards, amendments and interpretations

The Company has implemented the following amendments or new standards (IFRS) for financial year 2016:

- Annual improvements (2012-2014). The annual improvements imply a number of minor amendments to IFRS:
  - IFRS 5: Changes the accounting treatment on reclassification of an asset from 'held for sale' to 'held for distribution', or vice versa.
  - IFRS 7: Adds requirement for disclosures on continuing involvement by way of continuing servicing contracts and disclosures on financial instruments in interim financial statements.
  - IAS 19: Adds requirement regarding determination of the discount rate for post-employment benefit obligations in regional currencies, eg EUR.
- IFRS 11: Acquisitions of interests in joint operations are to be accounted for either as acquisitions or as acquisition of individual assets.
- IAS 16/IAS 38: Methods of depreciation/amortisation based on revenue can no longer be used.
- IAS 27: Parent companies may use the equity method when recognising investments in subsidiaries, associates and joint ventures.
- IAS 1: Amendments to IAS 1 to improve IFRS disclosure requirements. The amendments concern materiality, presentation, disaggregation and subtotals in the income statement and balance sheet as well as the order of notes.
- IFRS 10, IFRS 12 and IAS 28: Changes with respect to investment companies' exemption from consolidating subsidiaries.

Solstra Investment A/S has assessed the effect of the new standards, amendments and interpretations, and concluded that all standards, amendments and interpretations effective for financial years beginning on or after 1 January 2016 are either not relevant to the Solstra Investment Group or have no significant effect on the Financial Statements of Solstra Investment Group.

New standards, amendments and interpretations adopted but not yet effective

The following new standards, amendments and interpretations of relevance to the Solstra Investment Group have been adopted by the IASB and adopted by the EU. The standards are not yet effective and will therefore not be implemented in the Annual Reports until they take effect.

- IFRS 15 "Revenue from Contracts with Customers" new standard on revenue recognition. The standard may potentially affect revenue recognition in a number of areas depending on the industry in which the entity operates, including:
    - The timing of revenue recognition
    - Recognition of variable consideration
    - Allocation of revenue from multi-element arrangements
    - Recognition of revenue from licence rights
    - Up-front fees
    - Additional disclosure requirements

  The standard will be effective for financial years beginning on or after 1 January 2018.
- IFRS 9: "Financial Instruments" - on the measurement and classification of financial assets and liabilities. The number of classification categories for financial assets is reduced to three: amortised cost, fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI). Entities taking the fair value option are required under IFRS 9 to present the share of the fair value change for the period which is attributable to changes in the entity's own credit risk in other comprehensive income. Further, the impairment model for financial assets is changed to a model based on expected credit losses under which changes to the credit risk imply changes to the provision for bad debts. The hedge accounting rules are relaxed so as to be aligned with the entity's risk management practices. The standard will be effective for financial years beginning on or after 1 January 2018.

Solstra Investment Group is currently assessing the effect of the new standards.

The IASB has issued the following new standards, amendments and new interpretations which could be relevant to Solstra Investment Group, but which have not yet been adopted by the EU:

- IFRS 16: "Leases". New standard on the accounting treatment of leases. Going forward, the lessee is required to recognise all leases as a lease liability and a lease asset in the balance sheet. The standard will be effective for financial years beginning on or after 1 January 2019.
- IAS 12: Amendments clarifying the requirements for recognising deferred tax assets on unrealised losses on securities adjusted to fair value through other comprehensive income. The amendment will be effective for financial years beginning on or after 1 January 2017.
- IAS 7: Additional disclosures on reconciliation of financial liabilities required. Interest-bearing debt to be reconciled from beginning to end of period. The amendment will be effective for financial years beginning on or after 1 January 2017.
- IFRS 15: Clarifications concerning the identification of performance obligations, principal versus agent considerations and licence considerations. The amendment will be effective for financial years beginning on or after 1 January 2018.
- IFRIC 22: "Foreign Currency Transactions and Advance Consideration". The exchange rate at the date of transaction of the advance consideration is to be applied. In case of multiple advance payments, a date of transaction is to be determined for each payment. The interpretation will be effective for financial years beginning on or after 1 January 2017.
- IAS 40: The amendments clarify the use of the provisions of IAS 40, Investment Property, on transfers to and from investment property. The amendments will be effective for financial years beginning on or after 1 January 2018.
- Annual improvements (2014-2016). The annual improvements imply a number of minor amendments to IFRS:
    - IFRS 12: A few disclosure requirements under IFRS 12 also applicable to interests classified as held for sale, held for distribution or as discontinued operations under IFRS 5. Assets classified as held for sale are exempt from other disclosure

requirements under IFRS 12. The amendment will be effective for financial years beginning on or after 1 January 2017.
- IAS 28: The option to measure at fair value through profit or loss an investment in an associate or a joint venture held by an entity that is a venture capital organisation is available for each investment in an associate or joint venture on an investment-by-investment basis. The amendments will be effective for financial years beginning on or after 1 January 2018.

Solstra Investment Group expects to implement these new standards, amendments and interpretations when they take effect. Solstra Investment Group is currently assessing the effect of the new standards.

Presentation currency and functional currency
The Annual Report is presented in Danish kroner. The functional currency is Danish kroner.

Translation policies
A functional currency is determined for the enterprise. The functional currency is the currency used in the primary economic environment in which the enterprise operates. Transactions in other currencies than the functional currency are on initial recognition translated to the functional currency at the exchange rates prevailing at the date of the transaction. Gains and losses 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.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Consolidation policies
The Consolidated Financial Statements comprise the Parent Company Solstra Investments A/S and the underlying subsidiaries Copenhagen Chocolate Factory ApS, CCF Properties ApS, Magillum Investments ApS, Magillum Avedøre A/S, Scandinavian Design & Retail A/S, Investeringsselskabet BTPL ApS, Bella Solstra Holding A/S, Bella Solstra A/S, ATPPD Kalvebod A/S (previously Hotelinvest Kalvebod A/S, Bellakvarter A/S, Bellakvarter Projektselskab A/S, BCHG Holding A/S, BC Hospitality Group A/S, CPHM A/S, BCHG Properties A/S and Bella Sky A/S.

The subsidiaries' financial statements have been prepared in accordance with the same accounting policies as applied by the Parent Company. Where differences between the accounting policy in the subsidiary and the Parent Company have occurred, on top postings have been made to eliminate these differences.

The Consolidated Financial Statements have been prepared based on the financial statements of the individual enterprises by combining items of a uniform nature and subsequently eliminating intercompany income and expenses, shareholdings, dividends as well as realised and unrealised profits and losses on transactions between the consolidated enterprises. Unrealised losses are eliminated in the same way as unrealised profits to the extent that no impairment takes place.

The Parent Company's investments in subsidiaries are set off against the proportionate share of the subsidiary's fair value of identifiable net assets and recognised contingent liabilities at the time of acquisition.

Income statement

Revenue

Revenue primarily consists of income from hotel rooms; conferences; rental income from booths; other rental income; income from setting up and arranging booths and meeting facilities; electricity, IT, tele and AV deliveries; services (parking, security, inspection of tickets etc.), as well as restaurant and catering services. For 2016 income also include sale of constructed properties in the Bellakvarter Area as well as work in progress concerning construction contracts for third parties.

Revenue from sale of goods is recognised at the time of holding the event or meeting. Revenue from delivery of services is recognised at the rate of delivering the service. Revenue from sale of properties is recognised when delivery has taken place. Work in progress is recognised based on percentage of completion method. Revenue is determined less VAT, charges, payments to co-suppliers and discounts.

Cost of goods sold

Cost of goods sold comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance etc. as well as operation, administration and management of factories.

Value adjustment of investment property

The Group's investment property is measured at fair value and the value adjustments are recognised in the income statement.

Depreciation and impairment losses

Depreciation of property, plant and equipment is calculated on a straight-line basis based on cost and below assessment of the expected useful lives of the assets:

	Useful life (years)
Production buildings (incl. hotel property)	100
Exhibition and convention centres, auditoriums etc.	10-50
Other fixtures and operating equipment	1-15

Leasehold improvements are depreciated over the remaining lease term. Land and investment property are not depreciated.

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 12,900 are expensed in the year of acquisition.

Depreciation is determined in consideration of the asset's residual value and reduced by any impairment losses. The residual value is determined at the date of acquisition and is assessed annually. If the residual value exceeds the carrying amount of the asset, depreciation ceases. Property, plant and equipment are derecognised on disposal or when no economic benefits are expected to flow to the Group in connection with use or disposal of the asset. Any gains or losses arising on derecognition of the asset (measured as the difference between the net disposal proceeds and the carrying amount of the asset) are recognised in the income statement on derecognition of the asset.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts relating to the financial year. Financial income and expenses comprise interest, dividends, realised exchange adjustments, amortisation of mortgage loans as well as repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year less the portion of tax related to changes in equity. Current and deferred tax attributable to changes in equity is recognised directly in equity. The Group is jointly taxed with group enterprises. The tax effect of the joint taxation is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation).

Jointly taxed companies which have paid too much tax are compensated as a minimum according to applicable rates for interest reimbursement by the administration company, just as jointly taxed companies with outstanding tax as a maximum pay a charge in accordance with applicable rates for interest charges to the administration company.

Balance sheet

Property and equipment

Property, plant and equipment comprise leasehold improvements, fixtures and operating equipment, property as well as assets in course of construction.

Leasehold improvements

Leasehold improvements as well as fixtures and operating equipment are measured at original acquisition cost plus subsequent additions less accumulated depreciation and impairment losses. The acquisition cost of combined assets is divided into separate components that are depreciated individually if the useful life of each component varies. Subsequent expenses, e.g. from replacing components in an asset, are recognised in the carrying amount of the asset in question when it is probable that the occurrence of costs will result in future economic benefits for the Group. The replaced components are derecognised in the balance sheet and the carrying amount is transferred to the income statement. All other expenses for ordinary repairs and maintenance are recognised in the income statement as incurred.

An impairment test is carried out in terms of leasehold improvements, fixtures and operating equipment if there are indications of impairment. The impairment test is performed for each asset and group of assets, respectively. The assets are written down to the higher of the asset's or group of assets' value in use and net selling price (recoverable amount) if this is lower than the carrying amount.

Properties and equipment

Properties are in the balance sheet divided into investment properties, production properties and hotel properties. Investment properties comprise show rooms, office leases and undeveloped and logistic buildings. Production properties comprise auditoriums, meeting facilities and halls. The balance sheet value of properties comprises buildings and related site.

Investment property and production property are initially recognised at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Other equipment is measured at purchase cost less accumulated depreciation and any accumulated impairment losses, in accordance with IAS 16. Revaluations or reversals of revaluations less deferred tax concerning production and hotel properties are recognised in other comprehensive income under revaluation reserves. To the extent that an impairment loss on the same revalued asset was previously recognised in profit and loss, a reversal of that impairment loss is also recognised in the profit and loss. Impairment losses at a value below cost are recognised in the income statement. Value adjustment of investment property is recognised as a separate item in the income statement.

Finance leases
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.
The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

Inventories
Inventories are measured at the lower of cost under the FIFO method and net realisable value. The cost of goods for resale, raw materials and consumables equals landed cost. The net realisable value of inventories is calculated as the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum. Building plots have been transferred to the fair value at year end.

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. Provisions are determined on the basis of an individual assessment of the receivables that are estimated to be risky.

Equity
Distributable reserves are transferred to retained earnings as they are considered free reserves. Included in Other reserves/retained earnings is the hedging reserve that includes changes in the fair value of derivatives classified and qualifying as cash flow hedges. This practice was applicable until 31 December 2012. Proposed dividend is presented as a separate item under equity. Dividend is recognised as a liability at the time of declaration. Purchase and sale of own shares are recognised directly in equity under distributable reserves.

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

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.

Taxes payable and deferred tax

Current tax liabilities 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.

Deferred 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, except for temporary differences arising on the date of acquisition of assets and liabilities and which neither affect profit/loss nor the taxable income.

In cases where determination of the tax base may be performed based on different taxation rules, deferred tax if measured based on Management's intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised under long-term assets 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. Adjustment is made of deferred tax concerning elimination of unrealised intercompany profits and losses.

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.

Financial debts

Financial debts are recognised initially as the proceeds received net of transaction expenses occurred. Subsequently, interest-bearing debt is measured at amortised cost determined based on the effective interest rate at the time of borrowing. Remaining debt is measured at amortised cost, corresponding to nominal debt outstanding.

The amortisations from the original loans have been transferred to the new loans together with the new amortised costs, and will be amortised over the term of the new loans.

Derivative financial instruments

Derivative financial instruments, including cash flow hedges through interest rate swaps after tax, are recognised at fair value. Amortisation and changes in the fair values of derivative financial instruments are recognised in the income statement until the hedged transaction expires. If the hedged transaction results in an asset or a liability, the accumulated market value adjustment is recognised in the cost of the asset or liability, and if the transaction results in an income or a cost, the accumulated market value adjustment is recognised under financial items in the income statement together with the hedged item. Accumulated value adjustments of hedging instruments (interest rate swap) recognised in accordance with the hedging provisions in special reserve under equity and carried via the statement of comprehensive income are amortised as the interest rate swap is settled.

Cash flow statement

The cash flow statement shows the cash flows for the year, changes for the year in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are presented indirectly and are calculated as the net profit/loss for the year adjusted for changes in non-cash operating items, changes in working capital, paid financial items and paid corporation tax.

Cash flows from investing activities comprise payments in connection with purchase and sale of property, plant and equipment as well as securities attributable to investing activities.

Cash flows from financing activities comprise dividend distribution to shareholders, capital increases and reductions as well as raising of loans and repayment of interest-bearing debt.

Cash and cash equivalents comprise "Cash at bank and in hand" and short-term securities with an insignificant risk of value changes that can readily be turned into cash.

Financial ratios

The financial ratios have been prepared in accordance with the latest "Recommendations & Financial Ratios 2016" issued by the Danish Society of Financial Analysts.

Gross margin:
Gross profit (contribution margin) / Revenue * 100

Profit margin:
Net profit before financial income and expenses / Revenue * 100

Return on assets:
Net profit before financial income and expenses /Average assets * 100

Solvency ratio:
Equity/Assets * 100

Return on equity:
Net profit for the year/Average equity * 100

Note 2 – Significant accounting estimates and assessments

On application of the Group's accounting policies as described in note 1, Management is required to perform assessments and use estimates as well as prepare assumptions for the carrying amount of assets and liabilities, which cannot be directly derived from other sources. These estimates and assumptions are based on historical experience and other relevant factors. Actual outcome may differ from these estimates.

The performed estimates and underlying assumptions are reassessed on an ongoing basis. Changes to accounting estimates are recognised in the period in which the change takes place and in future accounting periods if the change has an effect on both current and subsequent accounting periods.

In connection with the practical application of the described accounting policies, Management has performed the following significant accounting assessments which have had an effect on the financial statements.

Fair value adjustment of properties

Investment, production and hotel properties are measured at fair value. Value adjustment of investment properties are charged to the income statement and value adjustment of production properties are charged to other comprehensive income.

To provide an indication of the reliability of the input used in determining fair value, the Group has classified its financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided in Note 26 – Fair value hierarchy

At the end of each reporting period, Management updates their assessment of the fair value of each property, taking into account the most recent market conditions and independent valuation reports. Management determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, Management considers information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income and a capitalisation rate derived from an analysis of market evidence.

The measurements contain several elements based on Management's estimate of current market conditions, including discount rate, capital structure and growth rate. For a detailed description of estimated assumptions and sensitivity analysis, please refer to current asset notes.

Fair value measurements are performed unchanged based on the capitalised value of Management's statement of expected annual cash generated from operations in a going concern context based on the required market rate of return.

All resulting fair value estimates for properties are included in level 3 the Fair value hierarchy in Note 26 – Fair value hierarchy.

Capital structure

Management anticipates to have sufficient liquidity at its disposal to support the Group's ordinary activities, payment of the Group's financial commitments and ordinary investments and consequently, the financial statements are presented under the going concern assumption. The cash resources have been determined in accordance with available operating and cash budgets for the Group approved by the Board of Directors.

Deferred taxes

The deferred tax assets include an amount of DKK 58,298k, of which DKK 69,179k relates to tax loss carry forward from financial expenses caps. The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income from finance activities based on the approved business plans and budgets.

Note 3 – Revenue

	2016 DKK '000	2015 DKK '000
Sale of services	863,943	536,462
Sale of goods	233,959	380,484
Work in progress	58,472	0
	1,156,373	916,946

Note 4 – Staff expenses

Wages and salaries	283,216	243,540
Pensions, defined contribution plans	20,599	19,218
Social security costs	6,818	5,228
Other staff related costs	1,932	1,252
	312,565	269,238
Average number of employees	696	653

The Board of Directors and Executive Board do not receive remuneration.

Note 5 – Other operating income, net

Earn out	0	168,068
Negative goodwill from acquisition	0	39,826
Reversal of previous years impairment	2,900	9,538
Fair value adjustment on investment properties	406,601	279,792
Other	76,918	165
	486,419	497,389

Note 6 – Depreciation and amortisation

Software	54	151
Completed development projects	379	386
Leasehold improvements	3,212	3,290
Equipment	40,080	36,263
Production properties	16,127	14,587
Hotel properties	17,831	17,084
	77,683	71,761

Note 7 – Financial income

Fair value adjustment of interest rate swap	5,158	31,012
Other financial income	0	1,059
	5,158	32,071

Note 8 – Financial expenses

	2016 DKK '000	2015 DKK '000
Interest to group enterprises	0	5,254
Fair value adjustment of interest rate swap	0	1,536
Interest on long-term debt	76,487	87,549
Reclassification of previous fair value adjustments on the interest swap	140,840	31,364
Other financial expenses	64,744	14,834
Less: Finance costs capitalised within investment property (Note 16)	(7,995)	(3,054)
	274,076	137,483

The capitalised borrowing compromise finance costs relates to the development of Bellakvarter and is estimated at the weighted average interest rate applicable to the entity's general borrowings during the year, in this case 2.2%.

Note 9 – Tax on profit for the year

	2016	2015
Adjustment of previous years taxes	1,410	(9,665)
Change in deferred tax	146,085	(22,153)
Tax on profit	0	0
Change in corporate tax rate	0	3,615
	147,495	(28,203)
Distributed as follows:		
Income tax expense	(98,454)	(21,473)
Tax on other comprehensive income	(48,653)	(6,730)
	(147,107)	(28,203)
The effective tax rate is computed as followed, in %		
Danish tax rate	22.0	23.5
Non-taxable income/expenses	0	(37.1)
Effect of non-capitalised deferred tax	17.0	18.4
Adjustment because of reduced tax rate	0	(0.1)
Effective tax rate	39.0	4.7

	2016 DKK '000	2015 DKK '000
Note 10 – Software		
At 1 January	995	936
Additions	0	59
At 31 December	995	995
Accumulated depreciation		
At 1 January	909	758
Depreciation for the year	54	151
At 31 December	963	909
Carrying amount at 31 December 2015	32	86

Note 11 – Completed development projects

At 1 January	1,929	1,929
Additions	0	0
At 31 December	1,929	1,929
Accumulated depreciation		
At 1 January	1,020	634
Depreciation for the year	379	386
At 31 December	1,399	1,020
Carrying amount at 31 December 2015	530	909

Note 12 – Leasehold improvements

At 1 January	48,521	49,597
Additions	1,306	1,729
Disposals	(631)	(2,805)
At 31 December	49,196	48,521
Accumulated depreciation		
At 1 January	40,105	39,603
Depreciation for the year	3,212	3,290
Reversal of depreciation of divested assets	(558)	(2,788)
At 31 December	42,759	40,105
Carrying amount at 31 December 2015	6,437	8,416

Note 13 – Equipment

	2016 DKK '000	2015 DKK '000
At 1 January	306,354	245,855
Additions from acquisitions	0	31,824
Additions	48,787	48,418
Disposals	(23,565)	(19,743)
At 31 December	331,576	306,354
Depreciation		
At 1 January	142,895	123,951
Depreciation	40,080	36,263
Reversal of depreciation of divested assets	(22,893)	(17,319)
Depreciation at 31 December	160,082	142,895
Carrying amount at 31 December 2015	171,494	163,459
Finance lease assets	8,631	9,553

Of the finance lease assets the short term assets amount to DKK 3,371k.

Note 14 – Production properties

Halls/Auditoriums/Meeting facilities

	2016 DKK '000	2015 DKK '000
Costs		
At 1 January	608,930	624,052
Additions	1,842	11,218
Transferred to undeveloped land	(16,650)	0
Disposals	0	(26,340)
At 31 December	594,122	608,930
Revaluation		
At 1 January	25,166	19,648
Transferred to undeveloped land	(47,694)	0
Revaluation	78,695	5,518
Reversal of previous revaluation	0	0
At 31 December	56,167	25,166
Depreciation		
At 1 January	196,463	190,083
Depreciation	16,127	14,587
Reversal of depreciation of divested assets	0	(8,207)
Depreciation at 31 December	212,590	196,463
Carrying amount at 31 December 2015	437,699	437,633
Difference between carrying amount at 31 December and carrying amount if the revaluation was not entered	56,167	25,166

Production property

The fair value of production property as of 31 December is determined by discounting expected cash flows by a discount rate of 7.4% (2015: 7,4%). Income from production comprises income from events, including a specific projection of rent, additional sales as well as catering split up into fairs, meetings, conferences, conventions, concerts, company events etc.

Sensitivity – value adjustment of production property

Value adjustment of property depends on the development in the discount rate, expected cash flow and expected growth rate.

In the case of production activity, a change in the discount rate of +/- 0.25 percentage point, or a permanent change in results before tax of +/- DKK 2.5 million will affect the assessment value by +/- DKK 25-30 million and +/- DKK 60 million, respectively. The sensitivity related to fluctuations in the growth rate of +/- 0.25 percentage point affects the assessment value by +/- DKK 10-15 million. Revaluation of DKK 78,695k from the fair value adjustment is recognised per 31 December as fair value adjustment of property in the Statement of Other Comprehensive Income.

Note 15 – Hotel properties (Production property)

	2016 DKK '000	2015 DKK '000
Cost		
At 1 January	2,195,149	1,596,899
Additions from acquisitions	0	595,973
Additions	6,728	3,036
Disposals	(602,483)	(759)
At 31 December	1,599,394	2,195,149
Value adjustments		
At 1 January	264,967	0
Revaluation	238,100	264,967
Disposals	(503,067)	0
At 31 December	0	264,967
Depreciation		
Impairment losses and depreciation at 1 January	159,604	152,058
Depreciation for the year	17,831	17,084
Reversal of previous years impairment	(2,900)	(9,538)
Disposals	(8,509)	0
Depreciation at 31 December	166,026	159,604
Carrying amount at 31 December 2015	**1,433,368**	**2,300,512**
Difference between carrying amount at 31 December and carrying amount if the revaluation was not entered	0	264,967

Hotel property

The fair value of hotel properties at 31 December is determined by discounting expected cash flows by a discount rate of 6,7% (2015: 6,7%). Income from hotel activities comprises income from booking of hotel rooms as well as meetings and events, including a specific projection of room booking per customer segment and sale of meeting rooms for rent and catering (distribution 65/35).

An impairment loss of DKK 250 million was recognised in respect of the hotel property, Copenhagen Bella Sky in 2011, consequently the fair value adjustment of DKK 2.9 million in 2016 and DKK 9.5 million in 2015 has been recognised as a reversal impairments. The Marriott Hotel property was sold 30 December 2016.

Sensitivity – value adjustment of hotel property

Value adjustment of property depends on the development in the discount rate, expected cash flow and expected growth rate. In case of hotel activity, a change in the discount rate of +/- 0.25 percentage point, or a permanent change in results before tax of +/- DKK 2.5 million will affect the land assessment value by +/- DKK 70-90 million and +/- DKK 50 million, respectively. The sensitivity related to fluctuations in the growth rate of +/- 0.25 percentage point will affect the hotel property assessment value by +/- DKK 20-25 million.

Note 16 – Investment properties
Undeveloped land area and Rental

	2016 DKK '000	2015 DKK '000
Costs		
At 1 January	508,303	487,172
Additions	16,650	21,131
Transferred from production properties	49,465	0
At 31 December	574,418	508,303
Value adjustments		
At 1 January	395,366	401,343
Transferred from production properties	47,694	0
Revaluation	196,433	73,118
Transferred to Inventories, Property held for sale	(47,146)	(79,095)
At 31 December	592,347	395,366
Carrying amount at 31 December 2015	**1,166,765**	**903,669**
Undeveloped land area (m²)	*252,906*	*268,340*

Land development costs related to building rights: DKK 61,398k
Transferred to inventory: DKK 47,146k (ref note 18)

Rental revenue	*42,151*	*43,553*
Related costs to rented areas	*9,755*	*9,556*

Undeveloped land area
The fair value of 263,685 square metres amounting to DKK 327 million at 31 December 2016 (2015: DKK 103 million) is determined by an estimated m² price multiplied by the actual m² from the approved masterplan less a deduction of the profit margin or supplementary purchase price on undeveloped land as stated in the conveyance deed.

Rental property
The fair value of investment properties at 31 December is determined by discounting expected cash flows by a discount rate of 4.4% (2015: 4.4%) as well as an assumption of return for the investment property which is 8.5%. Income from lease activities comprises income from long-term office leases and show rooms, including a specific projection of expected rent per lease as well as the divestment value of undeveloped sites.

Sensitivity – value adjustment of investment property
Value adjustment of property depends on the development in the discount rate, expected cash flow and expected growth rate.

In case of renting activity, a change in the discount rate of a +/- 0.25 percentage point or a permanent change in results before tax of +/- DKK 2.5 million will affect the hotel properties value by +/- DKK 50-65 million. The sensitivity related to fluctuations in the growth rate of +/- 0.25 percentage point will affect the land assessment value by +/- DKK 10 million.

The estimated m2 fair value is set in cooperation with external real estate appraiser. At start up of building plots, the related fair value are transferred to inventory, property held for sale and under development.

Note 17 – Deposits	2016 DKK '000	2015 DKK '000
Cost at 1 January	2,103	1,895
Additions	25,341	0
Disposals	0	208
Cost at 31 December	27,444	2,103

Note 18 – Inventories

Property held for sale and under development		
At 1 January	152,958	17,528
Additions, transfer from investment property	47,146	79,095
Additions, properties under construction	180,128	56,335
Disposals	(32,615)	0
At 31 December	347,617	152,958
Developed land area in progress (square metres)	*50,914*	*36,900*
Inventories		
Raw materials and consumables	729	932
Work in progress	868	476
Finished goods	12,413	8,964
At 31 December	14,010	10,372
Cost of sales (from finished goods)	*418,175*	*94,529*
Carrying amount at 31 December 2015	361,627	163,330

Note 19 – Trade receivables

	2016 DKK '000	2015 DKK '000
Trade receivables	89,378	88,873
Provision for doubtful receivables	(3,151)	(2,565)
	86,227	**86,308**
Trade receivables from related companies	0	0
	86,227	**86,308**

Write downs which included the above receivables have developed as follows:		
At 1 January	2,565	1,861
Change in provision	586	704
At 31 December	3,151	2,565

In addition receivables at 31/12 were overdue, but not impaired as follows:		
Up to 30 days	17,316	7,217
Between 30 days and 90 days	9,728	2,122
Over 90 days	5,256	7,103
Overdue net receivables at 31 December	32,300	16,442

Note 20 – Other receivables

Prepaid expenses	7,703	6,682
Other receivables	24,133	29,565
Other receivables at 31 December	31,836	36,247

Note 21 – Cash and cash equivalents

Restricted cash at bank amounting to DKK 200 million that are restricted until February 2017.

Note 22 – Non-controlling interests

1 January	199,649	162,358
Additions/disposals for the year	0	22,197
Net profit for the year	14,709	9,636
Other comprehensive income for the year	32,074	5,458
Non-controlling interests at 31 December	246,432	199,649

Note 23 – Deferred tax

	2016 DKK '000	2015 DKK '000
Deferred tax at 1 January	250,732	143,070
Taxes from acquisitions	0	91,666
Taxes from merged companies	0	(2,542)
Tax from sold property	(160,462)	0
Adjustments in deferred tax	194,738	15,423
Adjustments in deferred tax because of changed tax rate	0	(3,615)
Adjustments in deferred tax of other comprehensive income	(48,653)	6,730
Deferred tax at 31 December	**236,355**	**250,732**

	Deferred tax asset 2016 DKK '000	Deferred tax liability 2016 DKK '000	Deferred tax asset 2015 DKK '000	Deferred tax liability 2015 DKK '000
Tangible assets	0	294,647	0	323,283
Receivables	211		758	0
Long-term debt	259		2,239	0
Other payables	549		375	0
Tax loss	57,272		69,179	0
Total deferred tax	**58,291**	**294,647**	**72,551**	**323,283**

Tax losses are recognised in deferred tax assets to the extent that the losses are expected to be utilised in future taxable profits.

Note 24 – Deposits

	2016 DKK '000	2015 DKK '000
Cost at 1 January	17,845	16,493
Additions	77,960	1,352
Disposals	0	0
Cost at 31 December	**95,805**	**17,845**
Non-current 31 December	24,399	17,845
Current 31 December	71,406	0
	95,805	17,845

Note 25 – Financial obligations	2016 DKK '000	2015 DKK '000
Receivables and cash at amortised cost		
Deposits	33,757	2,103
Trade receivables	86,227	86,308
Other receivables	25,181	36,247
Cash	542,943	54,495
Receivables and cash, total	688,107	179,153

The carrying amount of financial assets is a good approximation for the fair value.

Financial obligations at amortised cost		
Credit institutions	2,144,296	2,233,716
Deposits	95,805	17,845
Trade payables	133,434	90,272
Other payables	99,834	53,236
Loans and receivables, total	2,473,368	2,395,069

Financial obligations at fair value through other comprehensive income		
Interest rate swap	0	212,040

The fair value of the interest rate swaps is recognised according to the accounting principles of investment activities. In 2016 DKK 135,682k net was recognised as financial income (2015: DKK 29,476k). The interest rate swaps expires in 2030.

Financial obligations, total	2,473,368	2,607,111

Financial obligations at amortized cost		
Within 1 year	742,066	367,461
Between 1 and 5 years	868,694	1,595,182
Between 5 and 10 year	531,186	583,120
Between 10 and 15 years	329,158	427,071
More than 15 years	136,648	240,551
Gross value at 31 December	2,607,751	3,212,385
Of this amortisation and interest	(134,383)	(693,780)
Financial obligations at amortised cost at 31 December	2,473,368	2,519,605

Financial obligations constitute a gross value which is determined as the sum of interest and repayment of payables as regards loan creditors, trade creditors and other payment obligations due in the intervals indicated. Liabilities with no fixed maturity, including overdraft facilities, deposits etc. are recognised as due within 1 year.

	2016	2015
	DKK '000	DKK '000
Financial obligations at fair value		
Within 1 year	724,842	258,622
Between 1 and 5 years	803,826	1,225,252
Between 5 and 10 year	499,993	434,419
Between 10 and 15 years	315,015	368,640
More than 15 years	129,693	232,672
Fair value at 31 December	2,473,368	2,519,605

Financial obligations also constitute a gross value which is determined exclusive of interest and inclusive of exchange losses etc. when early repaid.

To eliminate the risk of fluctuations in interest payments, interest rate swap agreements have been entered into as regards the Group's long-term mortgage loans. The Group has entered into the following swap contracts:

- Nordea - DKK 480 million CIBOR6 interest rate at a fixed interest rate of 0.809%, which expires on 30 December 2030.
- Nordea - DKK 107 million CIBOR6 interest rate at a fixed interest rate of 1.090%, which expires on 30 December 2030.
- Nordea - DKK 59 million CIBOR3 interest rate at a fixed interest rate of 0.293%, which expires on 30 September 2026.
- Nordea - DKK 61 million CIBOR6 interest rate at a fixed interest rate of 0.715%, which expires on 30 December 2030.

In case of early repayment of the Group's floating-rate mortgage loans hedged by fixed-rate interest rate swaps, the cost payable on redemption will be subject to supplementary payment of the discounted present value of interest rate differences between the borrowing rate and the swap interest rate until maturity of the interest rate swap. Consequently, the positive fair value of interest rate swaps at 31 December 2016 is included in the balance sheet under short-term payables. The calculated present value based on expected interest rate differences is determined by the provider of the interest rate swaps.

In 2016, a positive DKK 5,158k and an expense of DKK 140,840 (2015: Expense DKK 31,012) were recognised under financial items in the income statement because of the swap contracts entered into. Fair value adjustments are recognised under financial items in the income statement and in other comprehensive income:

			2016			2015
	Adjusted through profit and loss DKK '000	**Adjusted through other comprehensive income** DKK '000	**Fair value** DKK '000	**Adjusted through profit and loss** DKK '000	**Adjusted through other comprehensive income** DKK '000	**Fair value** DKK '000
Interest rate swap, gross	(460)	0	(460)	(1,536)	0	1,536
Interest rate swap, gross	(5,992)	140,840	(5,992)	(352)	31,364	210,504
Interest rate swap, gross	1,294	0	0	0	0	0
	(5,158)	140,840	(6,452)	(1,888)	31,364	212,040

Note 26 – Fair value hierarchy

2016	Level 1 DKK '000	Level 2 DKK '000	Level 3 DKK '000
Disclosures about assets and liabilities determined at fair value			
Financial assets, market value of interest rate swap		6,452[1)]	
Assets measured at fair value			
Investment property			1,166,765
Production property			437,699
Hotel property			1,433,368
Liabilities measured at fair value			

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

2015	Level 1 DKK '000	Level 2 DKK '000	Level 3 DKK '000
Disclosures about assets and liabilities determined at fair value			
Liabilities measured at fair value			
Financial liabilities, negative market value of interest rate swap		212,040[1)]	
Assets measured at fair value			
Investment property			903,669
Production property			437,634
Hotel property			2,300,512

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

Investment property comprises showrooms, office leases, storage building and undeveloped sites. Production property comprises auditoriums, conference facilities and halls. The fair value of property comprises properties including land. Properties are measured at fair value without the assistance of an external real estate appraiser. The capitalised value (NPV) is allocated on negotiable assets, primarily property. Cash flows are determined according to the DCF model (Discounted Cash Flow).

Cash flows are based on an operating forecast prepared by the Group's Management. Following a five-year forecast period, a 'terminal operating year' is calculated, which is adjusted by an annual growth rate of 2% going forward (2015: 2%). Please refer to note 1 for additional information on fair value measurement. Main assumptions applied in the five-year forecast period:

1) The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The value is in accordance with the information from Nordea.

Note 27 – Recognised fair value measurements

	2016 DKK '000	2015 DKK '000
Investment properties		
Rental income etc. year 1	43,343	44,055
Average annual revenue growth 2017-2021 (2015: 2016-2020)	1.50%	1.15%
Annual idle rent	6-10%	6-10%
Growth rate from 2022, estimated (2015: 2021)	1.50%	1.15%
Net initial yields used	8.50%	8.50%
Production property		
Revenue etc. year 1	323,014	442,430
Average annual revenue growth 2017-2021 (2015: 2016-2020)	2%	2%
Growth rate from 2022, estimated (2015: 2021)	2%	2%
Hotel property		
Revenue etc. year 1	258,061	467,885
Average annual revenue growth 2017-2021 (2015: 2016-2020)	2%	2%
Average annual increase in occupancy levels	1.6%	1%
Growth rate from 2022, estimated (2015: 2021)	1%	1.50%

Note 28 – Collateral

The following assets have been provided as collateral for debt to credit institutions:

Production and investment property, carrying amount	3,037,832	3,641,815
	3,037,832	3,641,815

Further pledge of shares in subsidiaries and bank accounts have been entered into as collateral.

Collateral has been provided through the following:

Mortgage, Nordea Kredit Realkredit A/S	1,342,379	1,342,379
Mortgage, Nordea Kredit Realkredit A/S	45,000	45,000
Danske Bank	0	470,009
Mortgage deed registered to the mortgagor	330,000	312,000
Other collateral	300,000	300,000
Total	2,017,379	2,469,379

Note 29 - Contingent liabilities and other financial obligations

The Group has entered into operating lease agreements for offices and warehouses, cars and equipment. The lease terms are up to 10 years, and the majority of the lease agreements are renewable at the end of the lease period at market rate. Future minimum lease payments under operating lease contracts and rent commitments amount to:

	2016	2015
Within 1 year		
Operational rental obligations	57,056	14,811
Operational lease obligations	1,040	2,568
	58,096	17,379
Between 1 and 5 years		
Operational rental obligations	228,223	49,372
Operational lease obligations	1,183	1,722
	229,406	51,094
After 5 years		
Operational rental obligations	1,262,500	2,933
Operational lease obligations	0	0
	1,262,500	2,933
Rent expenses charged to the income statement during the year	12,422	16,404
Lease expenses charged to the income statement during the year	2,264	2,571
Total expenses charged to the income statement during the year	14,686	18,975

Finance leases

The Group has entered into finance leases for fixtures and fittings. At the end of the leases, the Group has the option to acquire the assets at favourable prices. The leased assets are pledged as collateral for leasing obligations.

Obligations under finance leases are included under debt to credit institutions:

	2016		2015	
	Minimum lease payments DKK '000	Fair value of minimum lease payments DKK '000	Minimum lease payments DKK '000	Fair value of minimum lease payments DKK '000
Within 1 year	3,063	2,731	2,868	2,656
1-5 years	6,093	5,721	7,603	6,879
After 5 years	61	60	5	3
	9,217	8,512	10,476	9,538
Interest element	(705)	0	(938)	0
Fair value	8,512	8,512	9,538	9,538

Contingent liabilities

The Danish Group companies are jointly and severally liable for tax of the group's jointly taxed income etc. for 2016. The total amount is stated in the Annual Report of 'Solstra Investments A/S', which is the administration company in relation to the joint taxation.

Note 30 - Financial risks

Risk management policy of the Group

Due to its operation, investments and financing, the Group is exposed to changes in exchange rates and interest-rate levels. It is the Group's policy not to speculate in financial risks. The Group's financial management is therefore solely aimed at management of financial risks directly related to the Group's operation and financing.

It is Management's objective to have a solvency ratio between 25% - 30%. Aside from an overdraft facility that manages the normal fluctuations from the working capital, Management aims at primarily long-term mortgage financing with a loan-to-value ratio around 60%.

Currency risks

Most of the Group's income and expenses are in DKK. Between 5% - 10% of the Group's revenue is invoiced in EUR. Exposures in EUR are not hedged. The Group believes this does not involve significant risk. Certain investments and purchases are handled in EUR. No loans have been raised in foreign currencies.

Interest rate risks

Most of the Group's financing comprises long-term floating-rate mortgage loans. In 2016 interest rate hedging was agreed for loans of DKK 707 million. A discount to net present value of the interest rate difference between floating-rate loans and the fixed-rate interest rate swaps constitutes a positive DKK 6 million (2015: a negative DKK 212 million), also known as the market value on early repayment.

Mortgage loans consists of floating-rate F3, S3 or CIBOR6 and CIBOR3-based loans. Current bank loans comprise floating-rate NBOR bank overdraft and a fixed rate bank loan. The interest-rate hedging of mortgage loans has been performed to reduce the business risks related to market rate fluctuations. Interest-rate hedging is settled by the Executive Board in cooperation with the Group's Chairman of the Board of Directors and in connection with the specific investment project. At the end of 2016, the interest-rate hedging covered approximately 39% (2015: 64%) of the total interest bearing debt. In general, Management does not see any advantages in hedging in the current or the future market.

The Group has performed a sensitivity analysis on the part of the debt not covered by interest-rate hedging. The sensitivity related to fluctuations in the interest rate is based on the assumption that the rate can decrease as low as zero or increase by 1% from the 2016 level and will affect the interest costs in the range +/- DKK 11 million. Please refer to property notes for details on the sensitivity related to interest on return underlying measurement of property.

Liquidity risks

The Group's liquidity risks are linked to short-term loan agreements with credit institutions, corresponding to secured mortgage debt. Terms and conditions for the Group's credit are negotiated with the credit institutions on an ongoing basis. The Group aims at settling as much of the Group's loan financing as possible. Repayment obligations at 31 December 2016 appear from Note 25 – Financial obligations.

The Group's cash resources consist of cash and unutilised credit facilities. It is the Group's goal to have sufficient cash resources to be able to act appropriately in case of unforeseen fluctuations in cash. The Group's liquidity is managed based on projection of the operation and expected ingoing and outgoing payments. The projections are updated frequently. The frequency is adjusted to the size of the undrawn credit facilities.

Credit risk
Short-term lease of the Group's facilities is usually accompanied by prepayments from customers. A credit sale is mainly used in connection with deliveries related to the individual events. A credit risk arises in connection with fluctuations in trade receivable balances, prepayments as well as sub-suppliers. The maximum credit risk corresponds to the carrying amounts recognised in the balance sheet. The exposure to credit risk from trade receivables, payment terms and credit limits are determined based on an assessment of the customer, including the customer's financial position and the current market conditions.

Capital management
The purpose of capital management is to ensure sufficient return on investments and fulfilment of credit agreements and other liabilities. The Group aims at generating a competitive operating income which is reflected in the discount rates on which measurement of the properties is based. In addition to the Group's operation, equity is affected by value adjustment of properties, either via the income statement (investment property) or directly in the revaluation reserve (production property). The operation of the properties is currently monitored and managed, which results in projections of the income development, which in turn are used for measurement in the balance sheet. The financing strategy is determined in cooperation with the Board of Directors and the Group's main bank connections and is revised as required and in connection with major investment projects. At least once a year, the composition and the terms of all loan financing are assessed. In this connection, the optimal capital structure for the Group in the future is considered. All insurance matters are assessed once a year in cooperation with external consultants.

Note 31 – Related party transactions
The Group is controlled by intermediate Company Solstra Holdings Cyprus Ltd, Cyprus.

Related parties are considered to be the Board of Directors and Solstra Investments A/S' subsidiaries as well as Solstra Investments A/S, intermediate and ultimate parent companies (see note J to the Parent Company Financial Statements).

The Group has had transactions with shareholders related to inter-company receivables and payables, the balances are disclosed in the balance and in note 19. Interests received and paid to group enterprises are disclosed in the income statement and notes 7 and 8.

Dividends to shareholders are disclosed in the statement of changes in equity.

	2016	2015
	DKK '000	DKK '000
Note 32 – Fees to statutory auditors		
Statutory audit	1,460	985
Audit related services	2,358	721
Tax services	4,226	2,112
Other services	147	823
	8,191	4,641

Note 33 – Cash flow statement, Adjustments for income statement items without cash effect		
Depreciation and amortisation	77,683	71,761
Profit/loss on disposal of property, plant and equipment	745	19,987
Reversal of depreciations	(2,900)	(9,538)
Value adjustments of investment properties	(406,601)	(279,792)
Provision for doubtful receivables	586	704
Other adjustments	(97,498)	3,989
	(427,985)	(192,889)

Note 34 – Cash flow statement, change in working capital		
Change in inventories	(245,443)	(134,007)
Change in receivables	(505)	(20,804)
Change in other receivables	3,389	(13,357)
Change in trade payables	43,162	22,178
Change in prepayments received from customers	(13,579)	(8,199)
Change in payables to group enterprises	0	(103,978)
Change in other payables	46,599	(19,809)
Change in work in progress	48,624	0
Change in deposits	71,406	1,382
	(46,347)	(276,594)

Income Statement of 1 January – 31 December

Parent Company

	Note	2016 DKK '000	2015 DKK '000
Revenue	B	8,572	7,550
Other external costs		(31,862)	(9,233)
Staff expenses	C	(6,053)	(6,966)
Gross profit		**(29,343)**	**(8,649)**
Other operating income, net		0	168,068
Profit before financial income and expenses		**(29,343)**	**159,419**
Income from dividend and sale of subsidiaries		143,549	0
Financial income	D	4,939	6,637
Financial expenses	E	(5,854)	(7,474)
Profit before tax		**113,291**	**158,582**
Tax on profit for the year	F	2,148	(2,846)
Net profit for the year		**115,439**	**155,736**

Balance Sheet 31 December - Assets

Parent Company

	Note	2016 DKK '000	2015 DKK '000
Assets			
Investment in subsidiaries	G	77,978	77,928
Financial assets		77,978	77,928
Non-current assets		77,978	77,928
Receivables from group enterprises		50,947	231,565
Other receivables		7,832	11,856
Corporate tax		0	0
Cash at bank and in hand		140,283	14,320
Current assets		199,062	257,741
Total assets		277,040	335,669

Balance Sheet 31 December – Liabilities and Equity

Parent Company

	Note	2016 DKK '000	2015 DKK '000
Liabilities and equity			
Share capital		100,500	100,500
Retained earnings		338,508	223,069
Proposed dividend for the year		(200,000)	0
Equity		**239,008**	**323,569**
Trade payables		18,513	3,013
Payables to group enterprises		7,242	7,275
Corporate tax		2,677	705
Other payables		9,600	1,107
Current liabilities		**38,032**	**12,100**
Total liabilities and equity		**277,040**	**335,669**

Statement of Changes in Equity

Parent Company

	Share capital	Retained earnings	Proposed dividend for the year	Total equity
	DKK '000	DKK '000	DKK '000	DKK '000
At 1 January 2015	100,500	256,880	24,405	381,785
Adjustment opening balance from merger	0	1,087	0	1,087
Dividend paid	0	0	(24,405)	(24,405)
Interim dividend for the year	0	(190,634)	0	(190,634)
Net profit/loss for the year	0	155,736	0	155,736
At 31 December 2015	100,500	223,069	0	323,569
At 1 January 2016	**105,500**	**223,069**	**0**	**323,569**
Adjustment opening balance from merger	0	0	0	0
Dividend paid	0	0	(200,000)	(200,000)
Interim dividend for the year	0	0	0	0
Net profit/loss for the year	0	115,439	0	115,439
At 31 December 2016	100,500	338,508	(200,000)	239,008

Notes to Financial Statement

Parent Company

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Note A – Accounting policies for the Parent Company

Basis of Preparation

The Annual Report of the Parent Company Solstra Investments A/S has been prepared in accordance in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C.

Solstra Investments A/S is a public limited company and its registered office is in Copenhagen, Denmark. The accounting policies applied remain unchanged from last year.

The Parent Company Financial Statements for 2016 are presented in DKK thousand.

Tax

Deferred tax is recognised in respect of all temporary differences related to investments in subsidiaries unless the Parent Company is in a position to check when the deferred tax must be realised and when it is probable that the deferred tax crystallises as current tax within a foreseeable future.

There is no deferred tax related to investments in associates where both dividends from the company as well as gains and losses from a potential sale of the investment are tax exempt.

The Parent Company is jointly taxed with all Danish consolidated enterprises and functions as administration company for the jointly taxed enterprises. The Group has limited and secondary liability for payment of corporation tax from the tax year 2016 as well as for tax at source on interest and dividend. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes. The total tax payable in the jointly taxed enterprises is presented as tax payable in the Parent Company whereas joint taxation contributions from subsidiaries are presented as receivables.

Balances subject to the rules on limited interest deduction under the Danish Corporation Tax Act have been distributed between the jointly taxed enterprises according to the entered joint taxation agreement.

Deferred tax liabilities in respect of these balances are recognised in the balance sheet while deferred tax assets only are recognised if the criteria for recognition of deferred tax assets are met.

Recoverable amount of investments in subsidiaries

Each subsidiary is considered a separate cash generating unit. If there is an indication that the carrying amount (cost) of an investment in a subsidiary is impaired, the impairment will be based on determination of the value in use of the subsidiary in question.

It is considered an indication of impairment if the dividends distributed exceed the subsidiary's comprehensive income in the period in which the dividend is distributed.

Recognition and measurement

Revenue is 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.

Translation policies
Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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 transaction date rates are recognised in financial income and expenses in the income statement.

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

Business combinations
The carrying value method is used in connection with intercompany business combinations. Therefore the uniting of interests is deemed to have taken place at the time of acquisition at the carrying amounts.

No adjustment of comparative figures is made.

The difference between the agreed consideration and the accounting equity value in the acquired company is recognised in equity.

The merger between Solstra Investments A/S and Administrationsselskabet af 29. September 2009 ApS was made with effect from 1 January 2016.

Income statement

Revenue
Revenue is recognised in the income statement when earned.
Income from the rendering of services, is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Other external expenses
Other external expenses comprise the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases etc.

Staff expenses
Staff expenses comprise wages and salaries as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Other operating income, net
Other operating income comprise items of a secondary nature to the core activities of the enterprise, including earn-out payments from prior year's business combinations.

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 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 Danish affiliated companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

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

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

Current tax
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.

Note B – Revenue
Revenue comprises management fee income in Denmark.

	2016 DKK '000	2015 DKK '000
Note C – Staff expenses		
Wages and salaries	6,047	6,959
Pensions	0	0
Other social security costs	6	7
	6,053	6,966

	2016 DKK '000	2015 DKK '000
Note D – Financial income		
Interest received from Group enterprises	4,939	6,185
Other financial income	0	452
	4,939	6,637

	2016 DKK '000	2015 DKK '000
Note E – Financial expenses		
Impairment losses on financial assets	0	1,680
Interest paid to Group enterprises	5,643	5,254
Other financial expenses	199	17
Exchange adjustments	12	523
	5,854	(7,474)

	2016 DKK '000	2015 DKK '000
Note F – Tax on profit for the year		
Tax on profit	(536)	705
Adjustment of previous years	(1,612)	2,141
	(2,148)	2,846

	2016 DKK '000	2015 DKK '000
Note G – Investments in subsidiaries		
Cost at 1 January	77,928	78,013
Additions for the year	50	375
Adjustment from merger	0	(460)
Cost at 31 December	**77,978**	**77,928**
Impairment	0	0
Value adjustments at 31 December	**0**	**0**
Carrying amount at 31 December	**77,978**	**77,928**

Investments in subsidiaries are specified as follows:

Name/place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
	DKK '000		DKK '000	DKK '000
Bella Solstra Holding A/S	500	100%	134,407	309,769
Investeringsselskabet BTPL ApS	80	100%	(3,357)	(271)
Magillum Investments ApS	125	100%	1,933	(399)
Scandinavian Design & Retail A/S	5,000	100%	(24,632)	(6,475)
Magillum Avedøre A/S	19,339	100%	50,349	2,066
Copenhagen Chocolate Factory ApS	125	100%	2,842	(8,081)
CCF Properties ApS (Established 24 October 2016)	50	100%		

Note H – Equity
The share capital consists of 100,500,002 shares of a nominal value of DKK1. No shares carry any special rights.

Note I – Proposed distribution of profit

	2016 DKK '000	2015 DKK '000
Interim dividend	200,000	0
Retained earnings	(84,561)	155,736
	115,439	155,736
Extraordinary dividend after year end	130,000	0

Note J – Contingent liabilities
The Parent Company has issued letters of support and subordination in favour of external creditors for Bella Solstra A/S, Investeringsselskabet BTPL ApS, Magillum Investments ApS, Scandinavian Design & Retail A/S and Copenhagen Chocolate Factory ApS. The letters are applicable until 1 January 2018.

Leases
Leases obligations under operating leases. Total future lease payments:

Within 1 year	0	179
Between 1 and 5 years	0	179
	0	358

Joint Taxation
The Danish Group companies are jointly and severally liable for tax of the group's jointly taxed income etc. for 2016.

Note K – Related parties and ownership

Controlling interest	**Basis**
ALFI Mark Trust, Liechtenstein	Ultimate parent company
Markerina Investments Ltd., Cyprus	Intermediate parent company
Solstra Holdings Cyprus Ltd., Cyprus	Intermediate parent company

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Solstra Holdings Cyprus Ltd., Cyprus.