Solstra Investments A/S

Lautrupsgade 7, 3. tv, DK-2100 Copenhagen

Annual Report for 2018

CVR No 32 14 71 35

The Annual Report has been presented and adopted at the Annual General Meeting of the Company on 4 June 2019.

Mette Kapsch

Contents

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 2018.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act. Moreover, the Consolidated Financial Statements and the Parent Company 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 Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2018 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 2018.

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, 4 June 2019

Executive Board

Johan Ewald Lorentzen

Board of Directors

Vincent Marie Georges Fernand Luc de Cannière
Chairman

Johan Ewald Lorentzen

Henrik Gram

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 2018 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2018 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 2018 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of the Solstra Investments-Group for the financial year 1 January - 31 December 2018, 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, 4 June 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne18651

Claus Carlsson
State Authorised Public Accountant
mne29461

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: 9th financial year Municipality of reg. office: Copenhagen
Board of Directors	Vincent Marie Georges Fernand Luc de Cannière (Chairman) Johan Ewald Lorentzen Henrik Gram
Executive Board	Johan Ewald Lorentzen
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

	2018 DKK '000	2017 DKK '000	2016 DKK '000	2015 DKK '000	2014 DKK '000
Income statement					
Revenue	1,172,455	1,638,855	1,156,373	916,946	669,237
Gross profit	53,034	102,862	187,092	133,693	71,050
Depreciation and amortisation	(63,163)	(70,807)	(77,683)	(71,761)	(50,682)
Profit before financial items	221,778	246,267	595,828	559,321	254,204
Financial income and expenses	(15,620)	(66,157)	(268,918)	(105,797)	(172,596)
Profit before tax	206,158	180,110	326,910	453,524	81,608
Net profit for the year	158,348	92,805	228,456	432,051	52,176
Balance sheet					
Balance sheet total	3,176,167	2,606,927	4,272,854	4,157,168	3,156,513
Equity	1,033,233	886,546	1,209,990	1,028,712	799,438
Production property	457,660	463,220	437,699	437,634	453,617
Hotel property	0	0	1,433,368	2,300,512	1,444,841
Investment property	1,729,769	1,172,144	1,166,765	903,669	888,515
Tangible assets under construction	442,451	0	0	0	0
Credit institution	1,275,106	846,738	2,144,297	2,141,671	1,394,514
Investment in PPE	(491,796)	(119,185)	(75,313)	(85,532)	(63,473)
Cash flows					
Cash flows from:					
Operating activities	(65,102)	(30,949)	(218,761)	(2,203)	68,231
Investing activities	(490,695)	1,594,856	990,074	(175,814)	(64,104)
Financing activities	411,895	(1,817,491)	(282,865)	92,458	5,695
Change in cash and cash equivalents	(143,902)	(253,584)	488,448	(62,062)	9,821
No of employees	788	753	696	653	462
Ratios					
Gross margin	5%	6%	16%	15%	10%
Profit margin	19%	15%	52%	61%	36%
Return on assets	8%	7%	14%	15%	8%
Solvency ratio	38%	41%	34%	30%	30%
Return on equity	16%	9%	20%	47%	6%

The financial ratios have been prepared in accordance with the principle stated 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
At the end of the year, Solstra Investments Group's equity including non-controlling interests amounted to DKK 1,210,400k, (2017: DKK 1,057,409k) corresponding to a solvency ratio of 38% (2017: 41%), including non-controlling interests.

The Group had a profit in 2018 of DKK 158,348k (DKK 92,805k in 2017) which is not comparable to last year due to last year's divestments and this years revaluation of investments properties. Management is very satisfied with the continued positive development, which is in line with expectations. In 2019, 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.

Solstra Investments current portfolio consists of the BCHG Holding Group, which includes strong hospitality assets as the fully modern trade fair and convention centre Bella Center Copenhagen, Comwell Conference Center Copenhagen, the operation of the AC Hotel Bella Sky Copenhagen and the operation of the Marriott Hotel Copenhagen.

In 2018 BCHG Holding Group has generated a very satisfactory development on both top- and bottom line with a revenue of DKK 959,225k (2017: DKK 953,776k), a gross profit of DKK 422,639k (2017: DKK 440,713k) and a net profit of DKK 18,284k (2017: DKK 119,674k). Adjusted for last year's one-off effect from sale of the hotel building Bella Sky net profit slightly improved.

Furthermore, the portfolio includes Bellakvarter A/S, which is a new attractive urban district of Copenhagen. In cooperation with the Copenhagen Municipality, the Company has developed a masterplan for approximately 182,000 square metres land area on which more than 335,000 square metres of new residential and commercial property can be constructed. The masterplan also includes building of 4 parking houses with approximately 3,000 parking spaces.

At the end of 2018, Bellakvarter has completed 48,000 square metres residential properties and 11,000 square metres parking house. More than 450 families have moved in. Further 44,000 square metres apartment properties and an additional parking house with 400 parking spaces are in progress

Moreover, the Group has activities within retail fashion wear in Denmark, production and sale of exclusive chocolate products and logistics properties.

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.

Market risks
Management believes that the hotel and congress market will be stable in 2019 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 of the geographical area in question. The Group is comfortable with 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 Group is exposed to the interest rate risk on the part of the Group's debts which is not hedged by financial instruments. In 2018, the Group's senior debt was mainly hedged in mortgage banks, and so it will be in 2019. In Management's opinion, this is the optimal structure at present.

Consolidated statement on corporate social responsibility, cf. the Danish Financial Statements Act section 128

Business model
Solstra Investments A/S is a holding company whose purpose is to own and make investments in companies. At present, the activities take place in Solstra Investments' two sub-groups; BCHG Holding A/S and Bellakvarter A/S (both large companies in reporting class C), and several smaller Danish companies.

BCHG Holding A/S is one of the leading hospitality companies in Denmark. The company provides an extensive range of services within the hotel, conference, exhibition and catering industries to clients from all over the world. The client base covers both the public and private sectors, as well as businesses and leisure guests.

Bellakvarter A/S develops the new attractive urban area of Bellakvarter with close access to downtown Copenhagen. The development is a large-scale construction of residential and commercial properties. The development takes place in close cooperation with subcontractors, suppliers and other partners. No construction workers are employed by Bellakvarter A/S, as the construction is outsourced to subcontractors. When construction is finished, each property is either sold or rented out. The development of the area includes the construction of apartments, parking lots, office buildings and social housing, child day-care etc.

Assessment of non-financial risks
With the majority of the group's business activities centered on hospitality and housing, the group is conscious of the impact these activities can have on the external environment, including climate. For example, Bellakvarter A/S' biggest risk related to impacting the environment is through the use of materials in construction of properties and surrounding areas. To minimize the negative impact on the environment, the group continually works to increase transparency, reduce environmental effects and seize opportunities that positively affect our local community through our selection of suppliers and products.

As a leading provider of hospitality services in Denmark, one of the major risks facing BCHG Holding is a shortage of qualified employees. Further, the safety and security of the employees are also a priority area, which is why BCHG Holding is actively working towards ensuring focus on safety by conducting training programs and safety campaigns. These programs also focus on human rights, conflict understanding and management, handling of confrontations etc.

As a large corporate buyer, BCHG Holding is paying close attention to the risk of disrespecting human rights or incidents of corruption and bribery in the supply chain. To reduce these risks, a code of conduct has been developed, based on international standards regarding, amongst other things, human rights and anti-corruption. Moreover, BCHG Holding beliefes that as a large buyer, we have the power to use our influence to create ripples of sustainability change that leave positive marks throughout the entire value chain.

To address the above risks, the group has developed and implemented policies on environment, including climate, employee relations, respect for human rights and anti-corruption. While BCHG Holding A/S and Bellakvarter A/S have prepared their own CSR reporting in accordance with section 99a of the Danish Financial Statements Act, the group is required to present a consolidated statement of policies, efforts and results for the accounting period. In the following, we will present an excerpt of the two subgroups' activities and results achieved in 2018.

Environment and climate
BCHG Holding will continue to improve our environmental performance and we will implement environmentally friendly solutions, wherever it makes economic and environmental sense. Further, we will make the most efficient use of resources our energy, water and other natural resources, promoting conservation and savings wherever possible and practical. Finally, we will optimize our waste reduction through reusing materials where possible, recycling and limiting our use of hazardous materials where alternatives are available, economical and suitable.

Efforts and results in 2018
Every year, BCHG Holding host hundreds of thousands of guests at our venues and hotels, and because of our size, we have the power to integrate sustainable solutions that make a real difference. We work hard to improve our efficiency within energy, water usage and our procurement practices. We have to ensure that our business practices and buildings are not only fit for the future, but also that they support healthy and productive environments for our guests and employees. Reducing, eliminating or circulating waste products are crucial to our efforts as documented in our DS 49001, ISO 14001 and Green Key certifications.

Tracking carbon emissions gives us a great opportunity to understand our tangible impact on climate and the environment. This is why BCHG Holding focus on driving reductions in energy usage, which has the most influence on our carbon emissions, as well as reducing food waste in our venues. We reduced actual carbon emissions by 18% in 2018 over 2017.

Another big impact on the environment of the Bellakvarter is through the use of materials in the construction of properties and surrounding areas. To mitigate this, the group has initiated a DGNB certification process in 2018, a certificate for a sustainable construction of buildings. A first pre-certification screening has indicated that a gold standard is achievable with a strong focus on sustainability and climate.

Employee and social relations
It is BCHG Holding's policy to promote the welfare and productivity of our employees. Productivity is achieved by encouraging an inclusive work environment focused on fostering collaboration. Further, we work hard to maintain a safe work environment and we take pride in providing talent and career development for qualified employees.

Efforts and results in 2018
In terms of the wellbeing of BCHG Holding's employees, our health strategy is ambitious and holistic. We wish to promote physical and mental wellbeing and to reduce and alleviate sickness. Our strategy is aimed at healthy employees as well as those unfortunate to be facing an illness. Some of our tools include workplace evaluations in addition to personal and professional development schemes. We also offer health insurance, check-ups for senior colleagues or employees working nights. We offer smoking cessation courses, company sports associations and events, discount on gym memberships, yoga classes and massage therapy to name but a few.

When sickness occurs, it first and foremost hurts on a personal level. However, it also hurts our organisation, so the well-being of each individual is a common concern. Starting a few short years ago, we have committed ourselves to actively reducing staff sick leave and to provide even better opportunities for employees to stay healthy. The effort has paid off generously – for everyone – and we are proud to have achieved to surpass our overall goal level of 4.1% absence due to illness.

When considering social impact, Bellakvarter A/S focus on the well-being of the coming residents in the area. We have had close communication with the municipality of Copenhagen regarding these matters, and will as a result implement several facilities including, but not limited to, sports-, gardening- and cultural facilities that will help ensure a healthy social environment for the residents. In addition to this, daycare centres, education facilities etc. will be constructed, as demand follows.

Respect for human rights
BCHG Holding will support and respect the protection of internationally proclaimed human rights, in particular those of our employees, our business partners and within our local community, and we will require our suppliers to do the same. We will do this, amongst other things, by promoting diversity in the workplace and respect our employees' rights to voluntary freedom of association and collective bargaining.

Efforts and results in 2018
Due diligence is a key driver to developing and maintaining sustainable sourcing program. In the year ahead, BCHG Holding are committed to further strengthen our practices and turn a particular focus towards human rights. In the current year, we have focused on training our employees in understanding human rights through our BC Academy.

Bellakvarter A/S use several subcontractors and other business partners. This poses a threat to our responsibility towards the construction workers, as we do not have direct insight into how the subcontractors manage their employees. In order to make sure that employees are treated well, we have implemented labor clauses in contracts that oblige subcontractors to fulfill ILO convention 94 and compliance with labour rights and public law in general. With our close cooperation with partners and sub-contractors, we can have a close look at whether or not they fulfill these requirements, as a further safety measure to make sure the requirements are met. During the year 2018, no indications of violation of the ILO convention 94 have been identified.

Anti-corruption
We conduct our operations in accordance with the principles of fair competition and we will abide by applicable laws and regulations at all times. We will do this by preserving the highest standards of integrity, objectivity, fairness, efficiency, courtesy and professionalism and we will, under no circumstances, tolerate corruption, extortion and bribery.

Efforts and results in 2018
At BCHG Holding, we collaborate directly with suppliers to create products that live up to our expectations and quality standards. We believe in dialogue with our supplier partners, but also expect them to comply with our Supplier Code of Conduct. This Code of Conduct is based on international standards concerning human and labor rights, environmental practices, anti-corruption and other industry standards. Because, as a large corporate buyer, we have the power to use our influence to create ripples of sustainability change that leave positive marks throughout the entire value chain. We apply a zero-tolerance approach concerning corruption, extortion and bribery, and we have in 2018, not registered any incidents in this regard.

Furthermore, we refer to BCHG Holding A/S and Bellakvarter A/S for a detailed description of what these individual subgroups do to ensure our social responsibility is met. Reference can be made to Bellakvarter A/S (Registration number: 26 06 77 15) and BCHG Holding A/S (Registration number: 37 93 98 38) which incorporates most of the activities in the Group. The Annual Reports of these companies are available at www.cvr.dk

Diversity
The 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. For this year the target was not achived. 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 have female representation at both the Board of Director and the management level.

Subsequent events
The Group has not experienced any significant subsequent events after 31 December 2018, which have an impact on the consolidated financial statements.

Income Statement of 1 January – 31 December

Group

	Note	2018 DKK '000	2017 DKK '000
Revenue	3	1,172,455	1,638,855
Cost of goods sold		(341,824)	(775,982)
Other external costs		(428,769)	(399,995)
Staff expenses	4	(348,828)	(360,016)
Gross profit		**53,034**	**102,862**
Other operating income, net	5	231,907	214,212
Depreciation and amortisation	6	(63,163)	(70,807)
Profit before financial income and expenses		**221,778**	**246,267**
Financial income	7	3,964	1,267
Financial expenses	8	(19,584)	(67,424)
Profit before tax		**206,158**	**180,110**
Tax on profit for the year	9	(47,810)	(87,305)
Net profit for the year		**158,348**	**92,805**

Attributable to			
Shareholders in Solstra Investments A/S		129,378	71,746
Non-controlling interests		28,970	21,059
		158,348	**92,805**

Consolidated Statement of Comprehensive Income 1 January – 31 December

	2018 DKK '000	2017 DKK '000
Group		
Net profit for the year	**158,348**	**92,805**
Items that will not be reclassified to profit or loss		
Fair value adjustment of property	20,458	22,792
Tax of fair value adjustment	(4,501)	(5,014)
Items that may be reclassified to profit or loss		
Recycling of prior years' fair value adjustments on cash flow hedges	(6,206)	610
Tax of fair value adjustment	1,365	(134)
Other comprehensive income	**11,116**	**18,254**
Total comprehensive income for the year	**169,464**	**111,059**
Profit is attributable to		
Shareholders in Solstra Investments A/S	138,780	86,696
Non-controlling interests	30,684	24,363
	169,464	**111,059**

Balance Sheet 31 December - Assets

Group

	Note	2018 DKK '000	2017 DKK '000
Assets			
Non-current assets			
Software	10	443	378
Completed development projects	11	72	236
Intangible assets		**515**	**614**
Leasehold improvements	12	35,686	18,788
Equipment	13	92,294	84,553
Production properties	14	457,660	463,220
Hotel properties	15	0	0
Investment properties	16	1,729,769	1,172,144
Tangible assets under construction	17	442,451	0
Tangible assets		**2,757,860**	**1,738,705**
Deposits	18	66,141	65,292
Financial assets		**66,141**	**65,292**
Non-current assets		**2,824,516**	**1,804,611**
Inventories	19	11,267	352,307
Trade receivables	20	105,933	107,161
Other receivables	21	87,885	46,885
Company tax		714	0
Derivative financial instruments	27	395	6,604
Cash and cash equivalents	22	145,457	289,359
Current assets		**351,651**	**802,316**
Total assets		**3,176,167**	**2,606,927**

Balance Sheet 31 December – Liabilities and Equity

Group

	Note	2018 DKK '000	2017 DKK '000
Liabilities and equity			
Share capital		100,500	100,500
Retained earnings		932,733	786,046
Proposed dividend for the year		0	0
Equity		**1,033,233**	**886,546**
Non-controlling interests	23	**177,167**	**170,863**
Provision for deferred tax	24	318,876	260,902
Other provisions		6,191	14,165
Credit institutions	27	844,870	621,170
Deposits	25	16,240	15,923
Non-current liabilities		**1,186,177**	**912,160**
Credit institutions	27	430,236	225,568
Trade payables		143,855	129,940
Prepayments received from customers		73,118	92,411
Derivative financial instruments		0	0
Deposits	25	29,756	25,772
Work in progress	26	35,238	79,331
Company tax		0	861
Other payables		67,387	83,475
Current liabilities		**779,590**	**637,358**
Total liabilities and equity		**3,176,167**	**2,606,927**

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 2017	100,500	0	9,860	0	9,860
Interim dividend paid	0	0	(420,000)	0	(420,000)
Net profit for the year	0	0	71,746	0	71,746
Other comprehensive income for the year	0	0	14,950	0	14,950
At 31 December 2017	**100,500**	**0**	**786,046**	**0**	**886,546**
Transaction with minority interest	0	0	7,907	0	7,907
Net profit for the year	0	0	129,378	0	129,378
Other comprehensive income for the year	0	0	9,402	0	9,402
At 31 December 2018	**100,500**	**0**	**932,733**	**0**	**1,033,233**

	2018 DKK '000	2017 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.

Cash Flow Statement 1 January – 31 December

Group

	Note	2018 DKK '000	2017 DKK '000
Profit before financial income and expenses		**221,778**	**246,267**
Adjustments for income statement items without cash effect	35	(167,947)	(129,934)
Change in working capital	36	(100,093)	(72,723)
Cash flow from operating activities before financial items		**(46,262)**	**43,610**
Financial income received		3,964	1,267
Financial expenses paid		(19,584)	(67,424)
Cash flow from operating activities before tax		**(61,882)**	**(22,547)**
Corporate tax paid		(3,220)	(8,402)
Cash flow from operating activities after tax		**(65,102)**	**(30,949)**
Purchase of intangible assets		(283)	(454)
Purchase of tangible assets		(491,796)	(114,057)
Sale of tangible assets		1,384	1,709,367
Cash flow from investing activities		**(490,695)**	**1,594,856**
Repayment of mortgage		(44,490)	(1,334,795)
Mortgage obtained		472,858	37,236
Capital contribution to/from non-controlling interest		(16,473)	21,544
Dividend paid		(0)	(541,476)
Cash flow from financing activities		**411,895**	**(1,817,491)**
Change in cash and cash equivalents		**(143,902)**	**(253,584)**
Cash and cash equivalents at 1 January		289,359	542,943
Cash and cash equivalents at 31 December		**145,457**	**289,359**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		145,457	289,359
Cash and cash equivalents at 31 December		**145,457**	**289,359**

Notes to the Financial Statements

Group

Note 1 – Accounting policies for the Financial Statements

The Annual Report of Solstra Investments A/S Group for 2018 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 the financial year 2018:

- *IAS 40, Investment property*: The amendments clarify that transfers may only take place between investment properties and inventories or owner-occupied properties when an actual change in the use of the property has occurred. The change in use must be documented, and management's intentions alone are not adequate documentation of a change in the use of a property.

- *IFRS 9, Financial instruments*: The standard introduces an expected loss model for impairment losses on loans and receivables. As an overriding main rule, this new model will imply larger impairment losses than those incurred under IAS 39. The number of classification categories for financial assets is reduced to three: amortised cost, fair value through profit or loss and fair value through other comprehensive income. Fair value changes to financial liabilities which are attributable to the fair value and which arise from changes in own credit risks must be recognised in other comprehensive income. Simplified rules on hedge accounting are introduced.

    - *IFRS 15, Revenue from contracts with customers*: A new standard on revenue recognition that replaces IAS 11 and IAS 18 among others. The standard may potentially affect revenue recognition in a number of areas, including:
        - The timing of revenue recognition
        - Recognition of variable consideration
        - Allocation of revenue from multi-element arrangements
        - Recognition of revenue from licence rights
        - Incremental costs of obtaining the contract

  The standard also includes a large number of new disclosure requirements.

  IFRS 15, Revenue from contracts with customers: Clarifications of IFRS 15 concerning the identification of performance obligations, principal versus agent considerations and licence considerations as well as changes to the transition rules.

- *IFRIC 22 - Foreign currency transactions and advance consideration:* IAS 21 requires an enterprise to use the exchange rate at the date of the transaction which is defined as the date on which the transaction first qualifies for recognition.

- *Annual improvements (2014-2016):* The annual improvements imply two minor clarifications:

- *IAS 28, Investments in associates and joint ventures*: It is clarified that 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.
- *IFRS 1, First-time adoption of IFRS:* Deletes certain exemptions for first-time adopters of IFRS related to financial instruments, employee benefits and investment companies that are no longer relevant.

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 2018 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 9, Financial instruments*: A minor amendment concerning the classification of receivables in situations where a borrower has a prepayment option and where such a prepayment has negative consequences for the borrower. They are to be measured at amortised cost or fair value with adjustments through other comprehensive income if certain criteria are met. The amendment will be effective for financial years beginning on or after 1 January 2019.

- *IFRS 16, Leases:* Going forward, the lessee is required to recognise all leases as a lease liability and a lease asset in the balance sheet with two exceptions: short-term leases (less than 12 months) and leases relating to low-value assets. It must furthermore be considered whether the agreement is a lease or a service arrangement. The current rules remain largely unchanged for the lessor. Consequently, leases are still to be classified as finance leases and operating leases. The standard will be effective for financial years beginning on or after 1 January 2019.

- *IFRIC 23, Uncertainty over income tax treatments:* The interpretation clarifies that it must be determined whether each tax position is to be treated individually or collectively with other uncertain tax positions. The assessment should be based on the assumption that the tax authorities have the same knowledge of the enterprise's circumstances and, therefore, the assessment should disregard any detection risk. This determination may be based on eg how tax statements are prepared, or how the enterprise expects the tax authorities to treat the uncertain tax positions. The uncertain tax position must be recognised if it is probable that the enterprise will have to pay or receive refunds. The uncertain tax position must be measured so as to better reflect the receivable/liability and the related uncertainty.
  The amendment will be effective for financial years beginning on or after 1 January 2019.

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

At 31 December 2018, Solstra Investments had non-cancellable operating lease commitments for continuing operations of DKK 3,655 million. The new requirement to recognise a right-of-use asset and a related lease liability has a significant impact on the presentation of Solstra Investment' gross debt and profit before depreciation, amortisation and impairment losses (EBITDA). Solstra Investments' gross debt is estimated to increase by approx. DKK 2,455 million, while property, plant and equipment increases to approx. DKK 2,455 million. Operating expenses are estimated to decrease, positively impacting EBITDA by DKK 129 million in comparison to the previous lease standard IAS 17. The cost related to operating leases will be recognised as depreciation, negatively impacting profit before financial items (EBIT) and interest cost, negatively impacting profit before tax.

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:

- *IAS 19, Employee Benefits:* The amendment consist of a minor clarification of IAS 19 regarding remeasurement of defined benefit plans. When pension obligations are remeasured due to an amendment, a curtailment or termination of a pension plan, service costs and net interest for the period after the remeasurement must be determined based on the assumptions used for the remeasurement.
    - The net interest for the remaining period is calculated on the basis of the remeasured defined benefit liability or asset.
    - However, the service costs and net interest for the financial period preceding such amendment, curtailment or termination of a pension plan are not affected by the remeasurement.

  The amendment will be effective for financial years beginning on or after 1 January 2019.

- *IAS 28, Investments in associates and joint ventures*: A clarification that enterprises are to apply IFRS 9, including the requirements for impairment of financial assets, on recognition of long-term investments even though such receivables are considered part of the net investment in the associate or joint ventures under IAS 21. The amendment will be effective for financial years beginning on or after 1 January 2019.

- *IFRS 3, Business Combinations*: A small amendment to the definition of a business. Previously, the definition focused on return by way of dividend, lower costs and other economic benefits for investors etc., whereas the new definition focuses on outputs from an entity being the production of goods or services to customers. The amendment will be effective for financial years beginning on or after 1 January 2020.

- *Annual improvements (2015-2017):* Include three minor clarifications:
    - *IAS 12, Income taxes*: Income tax consequences of dividends should be recognised in profit or loss, see IAS 12.
    - *IAS 23, Borrowing costs:* Borrowing costs incurred on specific-purpose borrowing may subsequently change into borrowing costs on general borrowing, see IAS 23.
    - *IFRS 3, Business combinations:* Clarifies that a step acquisition of a joint venture by which an enterprise obtains control must be treated in accordance with IFRS 3.

  The amendments will be effective for financial years beginning on or after 1 January 2019.

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, Bellakvarter A/S, Bellakvarter Projektselskab A/S, BCHG Holding A/S, BC Hospitality Group A/S, BCHG Properties A/S and BCHG SPV ApS.

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 consists of income from hotel rooms, conferences, rental income from booths, other rental income from investments properties, income from setting up and arranging conferences and events, meeting facilities; electricity, IT, tele and AV deliveries; services (parking, security, inspection of tickets etc.), as well as restaurant and catering services. Furthermore other revenue consist of sale of goods from retail store and production facility.

From 2017 income also include the sale of constructed properties in the Bellakvarter Area as well as work in progress concerning construction contracts for third parties.

Revenue from the sale of goods is recognised at the time of holding the event/meeting or delivery. Revenue from delivery of services is recognised at the rate of delivering the service.

Revenue from the 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	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 13,500 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 the 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 regarding 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 on 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, halls and production/logistic facilities. 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. After 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 a 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

On initial recognition, receivables a are measured at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value and subsequently at amortized cost, which usually corresponds to the nominal value, less write-downs for bad debts. Provisions are initial determined on an expected loss model and subsequently on the basis of an individual assessment of the receivables that are estimated to be risky.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables.

Equity

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 on 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 the 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 the 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. The 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 following principles:

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 + non-controlling interests) / 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. The 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 effects 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 affected the financial statements.

Fair value adjustment of properties
Investment and production 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 28 – 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 28 – 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 by available operating and cash budgets for the Group approved by the Board of Directors.

	2018 DKK '000	2017 DKK '000
Note 3 – Revenue		
Sale of services	774,615	742,237
Sale of goods	273,725	706,545
Work in progress (over time)	124,115	190,072
Work in progress (over time)	124,115	190,072
	1,172,455	**1,638,855**
Hospitality activities	920,922	912,764
Real estate activities (rent, develop and sale)	197,845	663,176
Other activities	53,688	62,915

Note 4 – Staff expenses

Wages and salaries	305,859	309,467
Pensions, defined contribution plans	24,883	22,555
Social security costs	5,988	5,900
Other staff related costs	12,098	22,093
	348,828	**360,016**
Average number of employees	**788**	**753**

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

Note 5 – Other operating income, net

Fair value adjustment on investment properties	231,894	36,681
Other including gain on sale of tangible assets	13	177,531
	231,907	**214,212**

Note 6 – Depreciation and amortisation

Software	219	108
Completed development projects	164	294
Leasehold improvements	3,603	3,146
Equipment	33,622	36,422
Production properties	25,555	24,012
Hotel properties	0	6,825
	63,163	**70,807**

Note 7 – Financial income

Fair value adjustment of interest rate swap	0	503
Other financial income	3,964	764
	3,964	**1,267**

Note 8 – Financial expenses

	2018 DKK '000	2017 DKK '000
Fair value adjustment of interest rate swap	0	0
Reclassification of previous fair value adjustments on the interest swap	0	0
Other financial expenses	31,378	75,182
Less: Finance costs capitalised within investment property (Note 16)	(11,794)	(7,940)
	19,584	**67,424**

The capitalised borrowing compromise finance costs relates to the development of Bellakvarter and are estimated at the weighted average interest rate applicable to the entity's general borrowings during the year, in this case 3.75% (2017: 3.45%).

Note 9 – Tax on profit for the year

	2018 DKK '000	2017 DKK '000
Current corporate tax	(7,028)	11,197
Change in deferred tax	57,974	81,256
	50,946	**92,453**
Distributed as follows:		
Income tax expense	47,810	87,305
Tax on other comprehensive income	3,136	5,148
	50,946	**92,453**

The effective tax rate is computed as followed, in %		
Danish tax rate	22	22
Non-taxable income/expenses	2	1
Effect of write down tax assets	0	10
Effect of current tax prior years	0	15
Effect of non-capitalised deferred tax	(1)	0
Effective tax rate	**23**	**48**

Note 10 – Software

	2018 DKK '000	2017 DKK '000
At 1 January	965	995
Additions	284	454
Disposals	(0)	(484)
At 31 December	1,249	965
Accumulated depreciation		
At 1 January	587	963
Depreciation for the year	219	108
Disposals	(0)	(484)
At 31 December	806	587
Carrying amount at 31 December	**443**	**378**

Note 11 – Completed development projects

	2018 DKK '000	2017 DKK '000
At 1 January	1,929	1,929
Additions	0	0
At 31 December	1,929	1,929
Accumulated depreciation		
At 1 January	1,693	1,399
Depreciation for the year	164	294
At 31 December	1,857	1,693
Carrying amount at 31 December	**72**	**236**

Note 12 – Leasehold improvements

	2018 DKK '000	2017 DKK '000
At 1 January	63,829	49,196
Additions	21,441	16,259
Disposals	(989)	(1,626)
At 31 December	84,281	63,892
Accumulated depreciation		
At 1 January	45,041	42,759
Depreciation for the year	3,603	3,146
Reversal of depreciation of divested assets	(49)	(864)
At 31 December	48,595	45,041
Carrying amount at 31 December	**35,686**	**18,788**

Note 13 – Equipment

	2018 DKK '000	2017 DKK '000
At 1 January	205,150	331,576
Additions from acquisitions	0	0
Additions	40,805	17,692
Transfers	948	0
Disposals	(19,147)	(144,118)
At 31 December	227,756	205,150
Depreciation		
At 1 January	120,597	160,082
Depreciation	33,622	36,422
Reversal of depreciation of divested assets	(18,757)	(75,907)
Depreciation at 31 December	135,462	120,597
Carrying amount at 31 December	**92,294**	**84,553**
Finance lease assets	*4,919*	*6,826*

Of the finance lease assets the short term assets amount to DKK 2,526k.

Note 14 – Production properties

Halls/Auditoriums/Meeting facilities

	2018 DKK ‘000	2017 DKK ‘000
Costs		
At 1 January	620,860	594,122
Additions	549	26,738
Transfers	(1,408)	0
Disposals	0	0
At 31 December	620,001	620,860
Revaluation		
At 1 January	78,962	56,167
Transferred to undeveloped land	0	0
Revaluation	20,854	22,795
Reversal of previous revaluation	0	0
At 31 December	99,816	78,962
Depreciation		
At 1 January	236,602	212,590
Depreciation	25,555	24,012
Reversal of depreciation of divested assets	0	0
Depreciation at 31 December	262,157	236,602
Carrying amount at 31 December	**457,660**	**463,220**
Difference between carrying amount at 31 December and carrying amount if the revaluation was not entered	99,816	78,962

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% (2017: 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 a change in the discount rate of +/- 0.25 percentage point, or a permanent change in results before tax of +/- DKK 2.5 million the assessment value will be affected 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.

Note 15 – Hotel properties (Production property)

	2018 DKK '000	2017 DKK '000
Cost		
At 1 January	0	1,599,394
Additions from acquisitions	0	0
Additions	0	0
Disposals	(0)	(1,599,394)
At 31 December	0	0
Value adjustments		
At 1 January	0	0
Revaluation	0	0
Disposals	(0)	(0)
At 31 December	0	0
Depreciation		
Impairment losses and depreciation at 1 January	0	166,026
Depreciation for the year	0	6,825
Reversal of previous years impairment	(0)	(172,845)
Disposals	(0)	(0)
Depreciation at 31 December	0	0
Carrying amount at 31 December	**0**	**0**

The Bella Sky Hotel property was sold 30 June 2017.

Note 16 – Investment properties Undeveloped land area and Rental

Costs		
At 1 January	514,299	574,418
Additions	212,308	58,496
Transferred from production properties	(0)	(3,648)
Transfers	222,127	0
Disposals	(2,240)	(114,967)
At 31 December	946,494	514,299

	2018 DKK '000	2017 DKK '000
Value adjustments		
At 1 January	657,845	592,347
Revaluation	110,170	51,148
Disposals	0	12,000
Transfers	63,269	0
Transferred to Inventories, Property held for sale	(48,009)	2,350
At 31 December	783,275	657,845
Carrying amount at 31 December	**1,729,769**	**1,172,144**
Undeveloped land area (m²)	*248k*	*241k*

Land development costs related to building rights: DKK 22,731k
Transferred back from inventory: DKK 329,221k (ref note 19)

Undeveloped land area
The fair value of 248k square metres amounting to DKK 362 million at 31 December 2018 (2017: DKK 385 million) is determined by an estimated m^2 price multiplied by the actual m^2 from the approved masterplan less a deduction of the profit margin or supplementary purchase price on undeveloped land as stated in the conveyance deed, developer fee in the rage between 18% to 20% for residential, retail and office and between 5% to 7% for institutional and social housing. Management decided in 2018 to change the input in their valuation model and base the valuation of building rights on the input provided in a valuation report prepared by an external real estate appraiser in the beginning of 2019.

Rental property
The fair value of rental properties are assessed using two general methods (discounted cash flow model and yield based model), depending on the specific properties and its characteristics and conditions.

The fair value of properties at 31 December using the discounted expected cash flows is determined by a discount rate of 4.4% (2017: 4.4%) Income from lease activities comprises income from long-term office leases and show rooms, including a specific projection of expected rent per lease. There have been no changes to this method compared to 2017.

The valuation of residential properties at fair value is based on an estimated return multiplied by a yield factor. The market value has been determined based on current rent level, a structural vacancy of 2 % and yield of 4.25 %.

Sensitivity – value adjustment of investment property
Value adjustment of undeveloped land area depends on the development estimate for m2 price. In case of change m2 price with +/- 2.50 percentage point will affect the assessment value by +/- DKK 10-20 million.

Value adjustment of rental property, using discounted cash flow, depends on the development in the discount rate, expected cash flow and expected growth rate. In case of a change in the discount rate of a +/- 0.25 percentage point or a permanent change in results before tax of +/- DKK 1.0 million will affect the assessment value by +/- DKK 20-30 million.

Value adjustment of rental property, using a yield factor depends on the development in the yield factor or estimated return. In case of a change in the yield factor of a +/- 0.25 or a permanent change in return of +/- DKK 5.0 million will affect the assessment value by +/- DKK 15-25 million.

	2018 DKK '000	2017 DKK '000
Note 17 – Tangible assets under construction		
Costs		
At 1 January	0	0
Additions	235,392	0
Transfers	64,031	0
At 31 December	299,423	0
Fair value adjustments		
At 1 January	0	0
Revaluation	115,224	0
Transfers	27,804	0
At 31 December	143,028	0
Carrying amount at 31 December	**442,451**	**0**

Note 18 – Deposits

Cost at 1 January	65,292	27,444
Additions	849	37,848
Disposals	0	0
Cost at 31 December	**66,141**	**65,292**

Note 19 – Inventories

	2018 DKK '000	2017 DKK '000
Property held for sale and under development		
At 1 January	339,185	347,617
Additions, transfer from investment property	(329,221)	1,298
Additions, properties under construction	10,299	548,178
Disposals	(20,263)	(557,908)
At 31 December	0	339,185
Developed land area in progress (square metres)	*0*	*48,737*
Inventories		
Raw materials and consumables	582	759
Work in progress	750	467
Finished goods	9,935	11,896
At 31 December	11,267	13,122
Cost of sales (from finished goods)	*641,825*	*653,523*
Carrying amount at 31 December	**11,267**	**352,307**

Note 20 – Trade receivables

	2018 DKK '000	2017 DKK '000
Trade receivables	109,589	110,045
Provision for doubtful receivables	(3,656)	(2,884)
	105,933	**107,161**
Trade receivables from related companies	0	0
	105,933	**107,161**
Write downs which included the above receivables have developed as follows:		
At 1 January	2,884	3,151
Change in provision	772	(267)
At 31 December	3,656	2,884
In addition receivables at 31/12 were overdue, but not impaired as follows:		
Up to 30 days	39,820	35,079
Between 30 days and 90 days	18,014	32,513
Over 90 days	7,849	6,450
Overdue net receivables at 31 December	65,683	74,042

Note 21 – Other receivables	2018 DKK '000	2017 DKK '000
Prepaid expenses	4,214	16,513
Other receivables	83,671	30,372
Other receivables at 31 December	**87,885**	**46,885**

Note 22 – Cash and cash equivalents

Restricted cash at bank amounting to DKK 7 million per 31 December 2018 (2017: 22 million).

Note 23 – Non-controlling interests		
1 January	170,863	246,432
Additions/disposals for the year	(24,380)	21,544
Paid dividend	(0)	(121,476)
Net profit for the year	28,970	21,059
Other comprehensive income for the year	1,714	3,304
Non-controlling interests at 31 December	**177,167**	**170,863**

Note 24 – Deferred tax	2018 DKK '000	2017 DKK '000
Deferred tax at 1 January	260,902	236,355
Tax from sold property	(0)	(56,709)
Adjustments in deferred tax	53,473	76,241
Adjustments in deferred tax of other comprehensive income	4,501	5,015
Deferred tax at 31 December	**318,876**	**260,902**

	Deferred tax asset 2018 DKK '000	Deferred tax liability 2018 DKK '000	Deferred tax asset 2017 DKK '000	Deferred tax liability 2017 DKK '000
Tangible assets	0	325,597	0	259,768
Receivables	725	0	572	0
Long-term debt	1,272	0	992	0
Other payables	735	0	0	2,698
Other	3,989		0	0
Total deferred tax	**6,721**	**325,597**	**1,564**	**262,466**

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

	2018 DKK '000	2017 DKK '000
Note 25 – Deposits		
Cost at 1 January	41,695	95,805
Additions	16,475	0
Disposals	(12,174)	(54,110)
Cost at 31 December	**45,996**	**41,695**
Non-current 31 December	16,240	15,923
Current 31 December	29,756	25,772
	45,996	**41,695**

Note 26 – Work in progress

Selling price of work in progress	159,599	248,544
Payments received on account	(194,837)	(327,875)
	(35,238)	**(79,331)**

Recognised in the balance sheet as follows:

Prepayments received recognised in debt	(35,238)	(79,331)
	(35,238)	**(79,331)**

Note 27 – Financial obligations

Receivables and cash at amortised cost		
Deposits	66,141	65,292
Trade receivables	105,933	107,161
Other receivables	88,280	53,289
Cash	145,457	289,359
Receivables and cash, total	405,811	515,101

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

Financial obligations at amortised cost		
Credit institutions	1,275,106	846,738
Deposits	45,996	41,695
Trade payables	143,855	129,803
Other payables	67,387	83,475
Loans and receivables, total	1,532,344	1,101,711

	2018 DKK '000	2017 DKK '000
Financial obligations at fair value through other comprehensive income		
Interest rate swaps	395	6,604

The fair value of the interest rate swaps is recognised according to the accounting principles of investment activities. In 2018 DKK 6,206k net was recognised as other comprehensive income (2017: DKK 610k). The interest rate swaps expires in 2030.

Financial obligations, total	1,532,440	1,101,711

Financial obligations at amortized cost		
Within 1 year	688,153	464,303
Between 1 and 5 years	442,860	180,584
Between 5 and 10 year	226,790	181,931
Between 10 and 15 years	137,580	138,244
More than 15 years	42,848	143,821
Gross value at 31 December	1,538,231	1,108,885
Of this amortisation and interest	(5,887)	(7,174)
Financial obligations at amortised cost at 31 December	1,532,344	1,101,711

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.

Financial obligations at fair value		
Within 1 year	687,230	484,025
Between 1 and 5 years	440,341	176,961
Between 5 and 10 year	225,140	180,268
Between 10 and 15 years	136,871	137,534
More than 15 years	42,762	122,921
Fair value at 31 December	1,532,344	1,101,711

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 447 million CIBOR6 interest rate at a fixed interest rate of 0.809%, which expires on 30 December 2030.
- Nordea - DKK 47 million CIBOR3 interest rate at a fixed interest rate of 0.293%, which expires on 30 September 2026.

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 2018 is included in the balance sheet under short-term receivables. The calculated present value based on expected interest rate differences is determined by the provider of the interest rate swaps.

In 2018, an expense of DKK 6,206 and a gain of DKK 610k (2017: Gain DKK 610k) 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:

	2018			2017		
	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	0	(5,155)	495	0	340	5,652
Interest rate swap, gross	0	(280)	0	0	280	280
Interest rate swap, gross	0	(771)	(100)	0	(10)	672
	0	**(6,206)**	**395**	**0**	**610**	**6,604**

Note 28 – Fair value hierarchy

Disclosures about assets and liabilities determined at fair value

	2018		
	Level 1 DKK '000	Level 2 DKK '000	Level 3 DKK '000
Financial assets, market value of interest rate swap		395[1)]	
Assets measured at fair value			
Investment property			2,172,220
Production property			457,660

Liabilities measured at fair value

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

	2017		
	Level 1	**Level 2**	**Level 3**
Disclosures about assets and liabilities determined at fair value	DKK ’000	DKK ’000	DKK ’000
Liabilities measured at fair value			
Financial liabilities, negative market value of interest rate swap		6,604[1)]	
Assets measured at fair value			
Investment property			1,172,144
Production property			463,220

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 (2017: 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.

	2018	**2017**
Note 29 – Recognised fair value measurements	DKK ’000	DKK ’000
Investment properties (discounted cash flow)		
Rental income etc. year 1	41,239	41,239
Average annual revenue growth 2019-2023 (2017: 2018-2022)	1.50%	1.50%
Annual idle rent	6-10%	6-10%
Growth rate from 2024, estimated (2017: 2023)	2.00%	2.00%
Net initial yields used	4.40%	4.40%
Investment properties (yield based)		
Structural Vacancy	2.00%	N/A
Yield	4.25%	N/A
Rental income	29,116	N/A

	2018 DKK '000	2017 DKK '000
Production property		
EBITDA year 1	40,746	44,580
Average annual revenue growth 2018-2022 (2016: 2017-2021)	2%	2%
Growth rate from 2023, estimated (2016: 2022)	2%	2%
WACC	7,4%	7,4%

Note 30 – Collateral

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

Production and investment property, carrying amount	2,629,880	1,635,364
	2,629,880	1,635,364

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

Collateral has been provided through the following:		
Nordea Bank	1,336,037	649,474
Danske Bank	10,135	0
Total	1,346,172	649,474

Note 31 - 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 29 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:

Within 1 year		
Operational rental obligations	135,937	133,112
Operational lease obligations	1,778	1,063
	137,715	134,176
Between 1 and 5 years		
Operational rental obligations	507,567	505,052
Operational lease obligations	1,782	366
	509,349	505,418
After 5 years		
Operational rental obligations	3,007,608	3,049,500
Operational lease obligations	0	0
	3,007,608	3,049,500

Rent expenses charged to the income statement during the year	142,527	138,428
Lease expenses charged to the income statement during the year	1,723	1,188
Total expenses charged to the income statement during the year	**144,250**	**139,615**

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:

	2018		2017	
	Minimum lease payments	Fair value of minimum lease payments	Minimum lease payments	Fair value of minimum lease payments
	DKK ‘000	DKK ‘000	DKK ‘000	DKK ‘000
Within 1 year	1,403	1,253	2,167	2,587
1-5 years	3,922	3,695	3,522	4,402
After 5 years	0	0	1,769	60
	5,325	4,948	7,458	7,049
Interest element	(377)	0	(409)	0
Fair value	**4,948**	**4,948**	**7,049**	**7,049**

Contingent liabilities
The Danish Group companies are jointly and severally liable for tax of the group’s jointly taxed income etc. for 2018. 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 32 - 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 and construction facilities 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 0% - 5% 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 2018 interest rate hedging was agreed for loans of DKK 598 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 (2017: positive DKK 6 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 2018, the interest-rate hedging covered approximately 39% (2017: 39%) 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 2018 level and will affect the interest costs in the range +/- DKK 8 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 2018 appear from 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 33 – 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 K 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. 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.

	2018	2017
	DKK '000	DKK '000
Note 34 – Fees to statutory auditors		
Statutory audit	1,539	1,729
Audit related services	444	480
Tax services	1,181	2,111
Other services	7,228	1,286
	10,392	**5,606**
Note 35 – Cash flow statement, Adjustments for income statement items without cash effect		
Depreciation and amortisation	63,163	70,807
Profit/loss on disposal of property, plant and equipment	12	(177,530)
Value adjustments of investment properties	(231,894)	(36,681)
Provision for doubtful receivables	772	(267)
Other adjustments	(0)	(13,737)
	(167,947)	**(129,934)**
Note 36 – Cash flow statement, change in working capital		
Change in inventories	1,855	9,320
Change in receivables	456	(20,934)
Change in other receivables	(41,000)	(15,050)
Change in trade payables	22,590	(3,495)
Change in provisions	(7,974)	0
Change in prepayments received from customers	(19,293)	35,047
Change in other payables	(16,086)	(16,360)
Change in work in progress	(44,093)	30,707
Change in deposits	3,452	(91,958)
	(100,093)	**(72,723)**

Income Statement of 1 January – 31 December

Parent Company

	Note	2018 DKK '000	2017 DKK '000
Revenue	B	7,629	8,693
Other external costs		(10,880)	(9,172)
Staff expenses	C	(5,338)	(26,480)
Profit before financial income and expenses		**(8,589)**	**(26,959)**
Income from dividend and sale of subsidiaries		0	389,055
Write-down financial assets		(16,824)	0
Financial income	D	3,819	2,120
Financial expenses	E	(17,156)	(19,042)
Profit before tax		**(38,750)**	**345,174**
Tax on profit for the year	F	(26,592)	42,230
Net profit for the year		**(65,342)**	**387,404**

Balance Sheet 31 December - Assets

Parent Company

	Note	2018 DKK '000	2017 DKK '000
Assets			
Investment in subsidiaries	G	64,154	77,978
Financial assets		**64,154**	**77,978**
Non-current assets		**64,154**	**77,978**
Trade receivables		150	246
Receivables from group enterprises		126,782	161,701
Corporate tax		714	0
Other receivables		23,573	6,224
Cash at bank and in hand		809	10,980
Current assets		**152,028**	**179,151**
Total assets		**216,182**	**257,129**

Balance Sheet 31 December – Liabilities and Equity

Parent Company

	Note	2018 DKK '000	2017 DKK '000
Liabilities and equity			
Share capital		100,500	100,500
Retained earnings		40,570	105,912
Equity		**141,070**	**206,412**
Trade payables		371	496
Payables to group enterprises		72,441	44,990
Corporate tax		0	2,410
Other payables		2,300	2,821
Current liabilities		**75,112**	**50,717**
Total liabilities and equity		**216,182**	**257,129**

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 2017	100,500	138,508	0	239,008
Interim dividend paid	0	(420,000)	0	(420,000)
Net profit/loss for the year	0	387,404	0	387,404
At 31 December 2017	**100,500**	**105,912**	**0**	**206,412**
At 1 January 2018	100,500	105,912	0	206,412
Dividend paid	0	0	0	0
Net profit/loss for the year	0	(65,342)	0	(65,342)
At 31 December 2018	**100,500**	**40,570**	**0**	**141,070**

Notes to Financial Statement

Parent Company

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 medium-sized 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 2018 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 2018 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.

	2018 DKK '000	2017 DKK '000
Note C – Staff expenses		
Wages and salaries	5,323	26,475
Pensions	0	0
Other social security costs	15	5
	5,338	**26,480**
Note D – Financial income		
Interest received from Group enterprises	3,407	1,602
Other financial income	412	518
	3,819	**2,120**
Note E – Financial expenses		
Impairment losses on receivables	15,537	19,042
Interest paid to Group enterprises	1,458	0
Other financial expenses	161	0
	17,156	**19,042**
Note F – Tax on profit for the year		
Tax on profit	(311)	(42,575)
Adjustment of previous years	26,903	345
	26,592	**(42,230)**
Note G – Investments in subsidiaries		
Cost at 1 January	77,978	77,928
Additions for the year	3,000	0
Adjustment from merger	0	0
Cost at 31 December	**80,978**	**77,978**
Impairment	16,824	0
Value adjustments at 31 December	**16,824**	**0**
Carrying amount at 31 December	**64,154**	**77,978**

Investments in subsidiaries are specified as follows:

	Share capital	Votes and ownership	Equity	Net profit/loss for the year
	DKK '000		DKK '000	DKK '000
Name/place of registered office				
Bella Solstra Holding A/S	500	100%	288,747	2,391
- Bella Solstra A/S	163,964	100%	375,927	(15,032)
- Bellakvarter A/S	20,269	84%	558,874	162,516
- Bellakvarter Projektselskab A/S	500	100%	9,465	3,847
- BCHG Holding A/S	21,871	85%	517,485	375
- BC Hospitality Group A/S	1,000	100%	175,188	5,347
- BCHG SPV ApS	50	100%	32	(18)
- BCHG Properties A/S	1,000	100%	289,425	27,177
Investeringsselskabet BTPL ApS	80	100%	(3,843)	(263)
Magillum Investments ApS	125	100%	2,109	(60)
Scandinavian Design & Retail A/S	5,000	100%	(30,284)	(4,857)
Magillum Avedøre A/S	19,339	100%	63,739	4,814
Copenhagen Chocolate Factory ApS	126	100%	(6,080)	(14,509)
CCF Properties ApS	50	100%	2,441	684

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

Note I – Proposed distribution of profit

	2018 DKK '000	**2017** DKK '000
Retained earnings	(65,342)	387,404
	(65,342)	**387,071**
Extraordinary dividend after year end	0	420,000

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, Scandinavian Design & Retail A/S, Copenhagen Chocolate Factory ApS and CCF Properties ApS. The letters are applicable until 1 January 2020.

Joint Taxation
The Danish Group companies are jointly and severally liable for tax of the group's jointly taxed income etc. for 2018.

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.

Transactions

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