Solstra Investments A/S

Amaliegade 24, st., DK-1256 Copenhagen K

Annual Report for 2019

CVR No 32 14 71 35

The Annual Report has been presented and adopted at the Annual General Meeting of the Parent Company on 28 August 2020.

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 2019.

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 2019 of the Group and the Parent Company and of the results of the Group and Company operations and consolidated cash flows for the financial year 1 January - 31 December 2019.

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 Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Copenhagen, 28 August 2020

Executive Board

Henrik Gram

Board of Directors

Johan Ewald Lorentzen
Chairman

Sanae Zariat Irakleous

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 2019 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2019 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 2019 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of the Solstra Investments-Group for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as 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, 28 August 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen	Claus Carlsson
State Authorised Public Accountant	State Authorised Public Accountant
mne18651	mne29461

Company Information

The Parent Company	Solstra Investments A/S c/o Solstra Capital Partners A/S Amaliegade 24, st. DK-1256 Copenhagen K CVR no: 32 14 71 35 Financial period: 1 January - 31 December Financial year: 10th financial year Municipality of reg. office: Copenhagen
Board of Directors	Johan Ewald Lorentzen (Chairman) Sanae Zariat Irakleous (appointed on 21 Apil 2020) Henrik Gram Vincent de Cannière (resignated on 21 April 2020)
Executive Board	Henrik Gram (appointed on 21 April 2020) Johan Ewald Lorentzen (resignated on 21 April 2020)
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup
Consolidated Financial Statements	The Parent 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 for filing purposes only.

Financial Highlights

Group

	2019 DKK '000	2018 DKK '000	2017 DKK '000	2016 DKK '000	2015 DKK '000
Income statement					
Revenue	1,022,285	1,172,455	1,638,855	1,156,373	916,946
Gross profit	141,039	53,034	102,862	187,092	133,693
Depreciation and amortisation	(141,811)	(63,163)	(70,807)	(77,683)	(71,761)
Profit before financial items	145,123	221,778	246,267	595,828	559,321
Financial income and expenses	(102,794)	(15,620)	(66,157)	(268,918)	(105,797)
Profit before tax	42,329	206,158	180,110	326,910	453,524
Net profit for the year	54,357	158,348	92,805	228,456	432,051
Balance sheet					
Balance sheet total	5,246,487	3,176,167	2,606,927	4,272,854	4,157,168
Equity	974,841	1,033,233	886,546	1,209,990	1,028,712
Production property	456,704	457,660	463,220	437,699	437,634
Investment property	1,253,019	1,729,769	1,172,144	1,166,765	903,669
Right-of-use assets/Hotel properties	2,218,764	0	0	1,433,368	2,300,512
Tangible assets under construction	832,420	442,451	0	0	0
Credit institution	1,243,796	1,275,106	846,738	2,144,297	2,141,671
Investment in PPE	(668,532)	(491,796)	(119,185)	(75,313)	(85,532)
Cash flows					
Cash flows from:					
Operating activities	10,821	(65,102)	(30,949)	(218,761)	(2,203)
Investing activities	185,228	(490,695)	1,594,856	990,074	(175,814)
Financing activities	(198,249)	411,895	(1,817,491)	(282,865)	92,458
Change in cash and cash equivalents	(2,200)	(143,902)	(253,584)	488,448	(62,062)
No of employees	799	788	753	696	653
Ratios					
Gross margin	14%	5%	6%	16%	15%
Profit margin	14%	19%	15%	52%	61%
Return on assets	3%	8%	7%	14%	15%
Solvency ratio	22%	38%	41%	34%	30%
Return on equity	5%	16%	9%	20%	47%

The financial ratios have been prepared in accordance with the principle stated under accounting policies. IFRS 16 was implemented in 2019 using the modified retrospective approach, without changing comparative figures.

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 1,145,572k, (2018: DKK 1,210,400k) corresponding to a solvency ratio of 22% (2018: 38%), including non-controlling interests. The decrease is due to implementation of IFRS 16. Adjusted for IFRS 16 the solvency ratio would have been 39%.

The Group had a profit in 2019 of DKK 54,357k (DKK 158,348k in 2018) which is not comparable to last years due to a decrease in the revaluation of investments properties and decline in operational results. Furtheremore, the result for 2019 was impacted by the implementation of IFRS 16. Management is satisfied with the continued positive development, which is in line with expectations. In 2020, 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 A/S current portfolio consists of the BCHG Holding A/S group, which includes strong hospitality assets such as the 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 2019 BCHG Holding A/S group was challenged with contribution result of the outlook being challenging and management implemented a revised and downsized organisation during the autumn of 2019. The result hereof was revenue of DKK 892,243k (2018: DKK 959,225k), a gross profit of DKK 385,372k (2018: DKK 422,639k) and a net loss of DKK 19,954k (2018: profit of DKK 18,284k).

Bellakvarter A/S group, which is a new attractive urban district of Copenhagen, was sold 31 January 2020.

In 2019, Bellakvarter A/S group contidued development of residential properties and and parking houses. 3 rental properties were sold during the year.

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

Management is 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
The hotel and congress market have decreased significantly in 2020 due to COVID-19 and will be unstable for years to come before normalisations have taken place. 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 2019, the Group's senior debt was mainly hedged in mortgage banks, and so it will be in 2020. 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' most significant risk related to impacting the environment is through the use of materials in the 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 local community through selection of suppliers and products.

As a leading provider of hospitality services in Denmark, one of the significant risks facing BCHG Holding A/S is a shortage of qualified employees. Furthermore, the safety and security of the employees are also a priority area, which is why BCHG Holding A/S 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 A/S 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 A/S believes that as a large buyer, it has the power to influence and create ripples of sustainability changes that leave positive marks throughout the entire value chain.

To address the above risks, the group has developed and implemented policies on the environment, including climate, employee relations, respect for human rights and anti-corruption. While BCHG Holding A/S and Bellakvarter A/S have prepared their 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, the Group will present an excerpt of the two subgroups' activities and results achieved in 2019.

Environment and climate

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

Efforts and results in 2019

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

Tracking carbon emissions gives an excellent opportunity to understand the tangible impact on climate and the environment. This is why BCHG Holding A/S focus on driving reductions in energy usage, which has the most influence on carbon emissions, as well as reducing food waste in its venues. BCHG Holding A/S reduced actual CO_2 emissions by 37% since 2016.

Another significant impact on the environment comes from Bellakvarter A/S through the use of materials in the construction of properties and surrounding areas. To mitigate this, Bellakvarter A/S has initiated a DGNB certification process in 2018, a certificate for the sustainable construction of buildings. In 2019 Bellakvarter A/S received a gold mid-way certification for the entire Bellakvarter A/S project with a strong focus on sustainability and climate.

Employee and social relations

It is BCHG Holding A/S' policy to promote the welfare and productivity of its employees. Productivity is achieved by encouraging an inclusive work environment focused on fostering collaboration. Further, BCHG Holding A/S works hard to maintain a safe work environment and take pride in providing talent and career development for qualified employees.

Efforts and results in 2019

In terms of the wellbeing of BCHG Holding A/S' employees, the health strategy is ambitious and holistic. BCHG Holding A/S wishes to promote physical and mental wellbeing and to reduce and alleviate sickness. BCHG Holdings A/S strategy is aimed at healthy employees as well as those unfortunate to be facing an illness. Some of the tools include workplace evaluations in addition to personal and professional development schemes. BCHG Holding A/S also offers health insurance, check-ups for senior colleagues or employees working nights. BCHG Holding A/S offers 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 the organisation, so the well-being of each individual is a common concern. Starting a few years ago, BCHG Holding A/S has committed themselves to reduce staff sick leave actively and to provide even better opportunities for employees to stay healthy. The effort has paid off generously – for everyone – and BCHG Holding A/S is proud to have achieved to surpass its overall goal level of 4.1% absence due to illness and BCHG Holding A/S has seen a fall in 2019 compared to 2018.

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

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

Efforts and results in 2019
Due diligence is a key driver to developing and maintaining sustainable sourcing program. In the year ahead, BCHG Holding A/S are is committed to further strengthen the practices and turn a particular focus towards human rights. In the current year, BCHG Holding A/S have has focused on training employees in understanding human rights through BC Academy.

Bellakvarter A/S uses several subcontractors and other business partners. This poses a threat to responsibility towards the construction workers, as Bellakvarter A/S does not have direct insight into how the subcontractors manage their employees. In order to make sure that employees are treated well, Bellakvarter A/S 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 the close cooperation with partners and sub-contractors, Bellakvarter A/S have a close look at whether or not they fulfill these requirements, as a further safety measure to make sure the requirements are met. During the year 2019, no indications of violation of the ILO convention 94 have been identified.

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

Efforts and results in 2019
BCHG Holding A/S collaborates directly with suppliers to create products that live up to the expectations and quality standards. BCHG Holding A/S believes in dialogue with its supplier partners, but also expect them to comply with its 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, BCHG Holding A/S has the power to use its influence to create ripples of sustainability change that leave positive marks throughout the entire value chain. BCHG Holding A/S applies a zero-tolerance approach concerning corruption, extortion and bribery, and has not in 2019 registered any incidents in this regard.

Furthermore, refering to BCHG Holding A/S and Bellakvarter A/S for a detailed description of what these individual subgroups do to ensure their 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. However, this target must not rank above the other competency requirements in the nomination of board candidates. This target has been achived already. The Board of Directors currently consists of two male members and one female member.

Outlook
The Group’s outlook for the future will be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak, see also subsequent events disclosures in note 39 to the consolidated financial statements. Furthermore, the sale of Bellakvarter A/S will have an impact.

Group Management has tried to estimate the effect of COVID-19 on the expected revenue and net profit of the Group. It is, however, too early yet to give an opinion as to the extent of the negative implications. Therefore, Management finds itself unable to disclose reliably its outlook for the future in accordance with section 12 of the Danish Financial Statements Act.

Uncertainty relating to recognition and measurement
Recognition and measurement in the Annual Report have not been subject to any judgement with significant uncertainty, see also note 2.

Subsequent events
Except as mentioned above under Outlook and in note 39 no other events which materially affect the assessment of the Annual Report has occurred after the balance sheet date.

Income Statement 1 January – 31 December

Group

	Note	2019 DKK '000	2018 DKK '000
Revenue	3	1,022,285	1,172,455
Cost of goods sold		(235,125)	(341,824)
Other external costs		(288,733)	(428,769)
Staff expenses	4	(357,388)	(348,828)
Gross profit		**141,039**	**53,034**
Other operating income/expenses, net	5	145,895	231,907
Depreciation and amortisation	6	(141,811)	(63,163)
Profit before financial income and expenses		**145,123**	**221,778**
Financial income	7	17,470	3,964
Financial expenses	8	(120,264)	(19,584)
Profit before tax		**42,329**	**206,158**
Tax on profit for the year	9	12,028	(47,810)
Net profit for the year		**54,357**	**158,348**

Attributable to			
Equity holders of the Parent Company		41,655	129,378
Non-controlling interests	24	12,702	28,970
		54,357	**158,348**

Consolidated Statement of Comprehensive Income 1 January – 31 December

	Note	2019 DKK '000	2018 DKK '000
Group			
Net profit for the year		**54,357**	**158,348**
Items that will not be reclassified to profit or loss			
Fair value adjustment of property		19,755	20,458
Tax of fair value adjustment		(4,346)	(4,501)
Items that may be reclassified to profit or loss			
Recycling of prior years' fair value adjustments on cash flow hedges		(18,831)	(6,206)
Tax of fair value adjustment		4,143	1,365
Other comprehensive income		721	**11,116**
Total comprehensive income for the year		**55,078**	**169,464**
Profit is attributable to			
Equity holders of the Parent Company		42,265	138,780
Non-controlling interests	24	12,813	30,684
		55,078	**169,464**

Balance Sheet 31 December - Assets

Group

	Note	2019 DKK '000	2018 DKK '000
Assets			
Non-current assets			
Software	10	218	443
Completed development projects	11	121	72
Intangible assets under development	12	13,266	0
Intangible assets		**13,605**	**515**
Leasehold improvements	13	44,593	35,686
Equipment	14	77,303	92,294
Production properties	15	456,704	457,660
Investment properties	16	1,253,019	1,729,769
Right-of-use assets	17	2,218,764	0
Tangible assets under construction	18	832,420	442,451
Tangible assets		**4,882,803**	**2,757,860**
Deposits	19	64,754	66,141
Financial assets		**64,754**	**66,141**
Non-current assets		**4,961,162**	**2,824,516**
Inventories	20	10,083	11,267
Trade receivables	21	68,577	105,933
Other receivables	22	63,408	87,885
Company tax		0	714
Derivative financial instruments	28	0	395
Cash and cash equivalents	23	143,257	145,457
Current assets		**285,325**	**351,651**
Total assets		**5,246,487**	**3,176,167**

Balance Sheet 31 December – Liabilities and Equity

Group

	Note	2019 DKK '000	2018 DKK '000
Liabilities and equity			
Share capital		100,500	100,500
Retained earnings		874,341	932,733
Equity		**974,841**	**1,033,233**
Non-controlling interests	24	**170,732**	**177,167**
Provision for deferred tax	25	283,876	318,876
Other provisions		6,411	6,191
Credit institutions	28	566,345	844,870
Lease liabilities		2,203,100	0
Deposits from tenants	26	16,669	16,240
Other non-current liabilities		4,990	0
Non-current liabilities		**3,081,391**	**1,186,177**
Credit institutions	28	677,451	430,236
Lease liabilities		48,726	0
Trade payables		100,615	143,855
Prepayments received from customers		73,700	73,118
Derivative financial instruments	28	16,484	0
Deposits from tenants	26	15,113	29,756
Work in progress	27	0	35,238
Company tax		21,004	0
Other payables		66,430	67,387
Current liabilities		**1,019,523**	**779,590**
Total liabilities		**4,100,914**	**1,965,767**
Total liabilities and equity		**5,246,487**	**3,176,167**

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Statement of Changes in Equity 1 Janaury – 31 December

Group

	Share capital DKK '000	Retained earnings DKK '000	Proposed dividend for the year DKK '000	Total equity DKK '000
At 1 January 2018	100,500	786,046	0	886,546
Transaction with minority interest	0	7,907	0	7,907
Net profit for the year	0	129,378	0	129,378
Other comprehensive income for the year	0	9,402	0	9,402
At 31 December 2018	**100,500**	**932,733**	**0**	**1,033,233**
Transaction with minority interest	0	(11)	0	(11)
Interim dividend paid	0	(100,646)	0	(100,646)
Net profit for the year	0	41,655	0	41,655
Other comprehensive income for the year	0	610	0	610
At 31 December 2019	**100,500**	**874,341**	**0**	**974,841**

	2019 DKK '000	2018 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	2019 DKK '000	2018 DKK '000
Profit before financial income and expenses		**145,123**	**221,778**
Adjustments for income statement items without cash effect	36	(5,463)	(167,947)
Change in working capital	37	(24,197)	(100,093)
Cash flow from/used in operating activities before financial items		**115,463**	**(46,262)**
Financial income received		17,470	3,964
Financial expenses paid		(120,264)	(19,584)
Cash flow from/used in operating activities before tax		**12,669**	**(61,882)**
Corporate tax paid		(1,848)	(3,220)
Cash flow from/used in operating activities after tax		**10,821**	**(65,102)**
Purchase of intangible assets		(13,472)	(283)
Purchase of tangible assets		(668,532)	(491,796)
Sale of tangible assets		867,232	1,384
Cash flow from/used in investing activities		**185,228**	**(490,695)**
Repayment of mortgage and credit facilities		(564,940)	(44,490)
Mortgage obtained and credit facilities		533,630	472,858
Principal elements of lease payments		(47,033)	0
Capital contribution to/from non-controlling interest		8,128	(16,473)
Dividend paid		(128,034)	(0)
Cash flow from/used in financing activities		**(198,249)**	**411,895**
Change in cash and cash equivalents		**(2,200)**	**(143,902)**
Cash and cash equivalents at 1 January		145,457	289,359
Cash and cash equivalents at 31 December		143,257	**145,457**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		143,257	145,457
Cash and cash equivalents at 31 December		**143,257**	**145,457**

Notes to the Financial Statements

Group

Note 1 – Accounting policies for the Financial Statements

The Annual Report of Solstra Investments A/S Group for 2019 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.

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 Group has implemented the following amendments or new standards (IFRS) for the financial year 2019:

- *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.

- *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.

- *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 Group 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 2019.

The effect of implementation of IFRS 16, Leases as of 1 January was significant. The Group used the the modified retrospective approach.

Under this method, the cumulative effect of initially applying the standard is recognised at 1 January 2019. Right-of-use assets and lease liabilities have been recognised for those leases previously classified as operating leases, except for short-term leases and leases of low value assets.

The right-of-use assets have been recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities are recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019. The comparative information has not been restated.

The change in policy has had an insignificant impact on the income statement as lease cost previously recognised under other external costs now is presented as interest and repayment of lease libilities and furthermore, deprecitations on right of use assets are recognised.

In the cash flow statement, the repayment of lease liabilities is presented in 'net cash used in financing activities', whereas the full lease payment under previous policies was presented in 'net cash generated from operating activities. The change in policy has had no impact on total change in cash and cash equivalent for the year.

Refer to note 17 to the consolidated financial statements for presentation of impact on the income statement and balance sheet.

The following recognition exemptions and practical expedients were applied on transition:

- Applied discount rate to a portfolio of leases with similar characteristics
- Excluded initial direct costs from measuring the right-of-use asset at the dates of initial agreements
- Exempted short-term lease contracts with a remaining duration of 12 months or less as at 1 January 2019

On transition to IFRS 16, the Group recognised the majority part of lease liabilities in relation to leases which had previously been classified as operating leases in accordance with IAS 17. The lease liabilities were measured at the present value of the future discounted lease payments using the Group's incremental borrowing rate at 1 January 2019. The weighted average incremental borrowing rate applied on transition to IFRS 16 was 4,6% for rent of hotel properties and 5% for other rent.

As of 1 January 2019, right-of-use assets were recognised under tangible assets with DKK 2,298,859k and lease liablities were recognised with DKK 2,298,859k. Total lease liabilities at the date of transition were DKK 3,665,250k.

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.

- Currently there are no new standards, amendments and interpretations which have been adopted by the IASB and adopted by the EU, which are relevant to the Solstra Investment Group.

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

- *IFRS 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.

Solstra Investment Group expects to implement these new standards, amendments and interpretations when they take effect.

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 revenue consist of sale of goods from retail store and production facility as well as constructed properties if properties are constructed for purpose of sale after completion of construction as well as work in progress concerning construction contracts for third parties.

Revenue are recognised in accordance with IFRS 15. Revenue from the sale of goods and services are 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
Hotel buildings	Lease contracts up to 28
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 13,800 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 income (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.

Leases
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership 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 IFRS16 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.

The Group leases hotel buildings, warehouses, vehicles and technical equipment.
For contracts which are, or contain, a lease, the Group recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. The right-of-use asset is periodically adjusted for certain remeasurements of the lease liability andreduced by any impairment losses.

The lease term determined by the Group is the non-cancellable period of a lease, together with extension/termination option if these are reasonably certain to be exercised. When determining the term, Management considers multiple factors that create economic incentives to exercise an option to extend the lease or not to terminate the lease, including termination penalties, potential relocation costs and whether significant leasehold improvements have been capitalised on the lease, with a remaining useful life which exceeds the fixed minimum duration of the lease.

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using the incremental borrowing rate. Lease payments consist of the following payments:

- fixed payments from commencement date
- certain variable payments
- residual value guarantees or the exercise price of a purchase option
- termination penalties

The lease liability is measured using the effective interest method. The lease liability is remeasured when there is a change in future lease payments, typically due to a change in index or rate (e.g.

inflation) on property leases, or if there is a reassessment of whether an extension or termination option will be exercised. A corresponding adjustment is made to the right-of-use asset, or in the income statement when the right-of-use asset has been fully depreciated.

The right-of-use asset is presented in a separate line under tangible assets and mainly related to hotel buildings.

New lease contracts with a lease term of 12 months or less and lease of low value assets are not recognised on the balance sheet. These are expensed on a straightline basis over the lease term or another systematic basis. Lease of low value assets include personal computers, telephones and small items of office equipment. Variable lease payments may depend on an index, a rate or other elements. Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index/rate at the lease commencement date. Variable lease payments not based on an index or a rate are recognised as an expense in the income statement as incurred.

Residual value guarantees that are expected to be paid are included in the initial measurement of the lease liability.

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 29 – 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 29 – 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.

	2019 DKK '000	2018 DKK '000
Note 3 – Revenue		
Sale of services	720,869	774,615
Sale of goods	253,989	273,725
Work in progress (over time)	47,427	124,115
	1,022,285	**1,172,455**
Hospitality activities	852,144	920,922
Real estate activities (rent, develop and sale)	115,650	197,845
Other activities	54,491	53,688

Note 4 – Staff expenses

Wages and salaries	316,896	305,859
Pensions, defined contribution plans	25,321	24,883
Social security costs	6,956	5,988
Other staff related costs	8,215	12,098
	357,388	**348,828**
Average number of employees	**799**	**788**

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

Note 5 – Other operating income/expenses, net

Fair value adjustment on investment properties	153,667	231,894
Other including loss on sale of tangible assets	(7,922)	0
Other including gain on sale of tangible assets	150	13
	145,895	**231,907**

Note 6 – Depreciation and amortisation

Software	235	219
Completed development projects	86	164
Leasehold improvements	3,533	3,603
Equipment	34,695	33,622
Production properties	23,167	25,555
Right-of-use assets	80,095	0
	141,811	**63,163**

	2019 DKK '000	2018 DKK '000
Note 7 – Financial income		
Interest received from related parties	185	0
Other financial income	17,285	3,964
	17,470	**3,964**

Note 8 – Financial expenses

Interest paid to related parties	250	0
Interest related to right-of-use assets	80,864	0
Other financial expenses	54,544	31,378
Less: Finance costs capitalised within investment property (Note 16)	(15,394)	(11,794)
	120,264	**19,584**

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% (2018: 3.75%).

Note 9 – Tax on profit for the year

Current corporate tax	25,366	(7,028)
Change in deferred tax	(35,000)	57,974
	(9,634)	**50,946**
Distributed as follows:		
Income tax expense	(12,028)	47,810
Tax on other comprehensive income	2,394	3,136
	(9,634)	**50,946**
The effective tax rate is computed as followed, in %		
Danish tax rate	22	22
Non-taxable income/expenses	17	2
Effect of tax prior years	(4)	0
Effect of non-capitalised deferred tax	(63)	(1)
Effective tax rate	**(28)**	**23**

	2019 DKK '000	2018 DKK '000
Note 10 – Software		
At 1 January	1,249	965
Additions	10	284
Disposals	0	(0)
At 31 December	1,259	1,249
Accumulated depreciation		
At 1 January	806	587
Depreciation for the year	235	219
Disposals	0	0
At 31 December	1,041	806
Carrying amount at 31 December	**218**	**443**

Note 11 – Completed development projects

At 1 January	1,929	1,929
Additions	135	0
At 31 December	2,064	1,929
Accumulated depreciation		
At 1 January	1,857	1,693
Depreciation for the year	86	164
At 31 December	1,943	1,857
Carrying amount at 31 December	**121**	**72**

Note 12 – Intangible assets under development

Costs		
At 1 January	0	0
Additions	13,266	0
Transfers	0	0
At 31 December	13,266	0
Carrying amount at 31 December	**13,266**	**0**

	2019 DKK '000	2018 DKK '000
Note 13 – Leasehold improvements		
At 1 January	84,281	63,829
Transfers	(84)	0
Additions	12,746	21,441
Disposals	(43,665)	(989)
At 31 December	53,278	84,281
Accumulated depreciation		
At 1 January	48,595	45,041
Depreciation for the year	3,533	3,603
Reversal of depreciation of divested assets	(43,443)	(49)
At 31 December	8,685	48,595
Carrying amount at 31 December	**44,593**	**35,686**

	2019 DKK '000	2018 DKK '000
Note 14 – Equipment		
At 1 January	227,756	205,150
Additions	22,246	40,805
Transfers	(50)	948
Disposals	(28,821)	(19,147)
At 31 December	221,131	227,756
Depreciation		
At 1 January	135,462	120,597
Depreciation	34,694	33,622
Reversal of depreciation of divested assets	(26,328)	(18,757)
Depreciation at 31 December	143,828	135,462
Carrying amount at 31 December	**77,303**	**92,294**

	2019 DKK '000	2018 DKK '000
Note 15 – Production properties		
Halls/Auditoriums/Meeting facilities		
Costs		
At 1 January	620,001	620,860
Additions	10,349	549
Transfers	0	(1,408)
Disposals	(19,691)	0
At 31 December	610,659	620,001
Revaluation		
At 1 January	99,813	78,962
Revaluation	19,756	20,854
At 31 December	119,569	99,816
Depreciation		
At 1 January	262,157	236,602
Depreciation	23,167	25,555
Reversal of depreciation of divested assets	(11,800)	0
Depreciation at 31 December	273,524	262,157
Carrying amount at 31 December	**456,704**	**457,660**
Difference between carrying amount at 31 December and carrying amount if the revaluation was not entered	119,569	99,816

Production property
The fair value of production property as of 31 December is determined by discounting expected cash flows by a discount rate of 6.9% (2018: 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.

	2019 DKK '000	2018 DKK '000

Note 16 – Investment properties

Undeveloped land area and Rental

	2019 DKK '000	2018 DKK '000
Costs		
At 1 January	946,494	514,299
Additions	39,961	212,308
Transferred to production properties	(5,036)	(0)
Transfers	222,978	222,127
Disposals	(562,610)	(2,240)
At 31 December	641,787	946,494
Value adjustments		
At 1 January	783,275	657,845
Revaluation	145,583	110,170
Disposals	(304,282)	0
Transfers	30,912	63,269
Transferred to Inventories, Property held for sale	(44,256)	(48,009)
At 31 December	611,232	783,275
Carrying amount at 31 December	**1,253,019**	**1,729,769**
Undeveloped land area (m^2)	*246k*	*276k*

Undeveloped land area

The fair value of 246k square metres amounting to DKK 345 million at 31 December 2019 (2018: DKK 362 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 4.3% (2018: 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 2018.

The valuation of rental properties including parking at fair value is based on an estimated return multiplied by a yield factor or costs if costs are considered the best estimate for fair value. 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 5-15 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 3.0 million will affect the assessment value by +/- DKK 10-20 million.

Note 17 – Right-of-use asset	**2019** DKK ‘000	**2018** DKK ‘000
Cost		
At 1 January	0	0
Additions	2,298,859	0
Disposals	0	0
At 31 December	2,298,859	0
Depreciation		
Impairment losses and depreciation at 1 January	0	0
Depreciation for the year	80,095	0
Disposals	0	0
Depreciation at 31 December	80,095	0
Carrying amount at 31 December	**2,218,764**	**0**

Effect of implementation of IFRS 16	**1 January 2019 originally** DKK ’000	**IFRS 16** DKK ’000	**1 January 2019 IFRS 16** DKK ’000
Right of use assets	0	2,298,859	2,298,859
Lease liabilities – non-current	0	2,251,826	2,251,826
Lease liabilities – non-current	0	47,033	47,033

	2019 originally DKK ’000	**IFRS 16** DKK ’000	**2019 IFRS 16** DKK ’000
Other external costs	(416,431)	127,698	(288,733)
Depreciation	(61,716)	(80,095)	(141,811)
Interest	(39,600)	(80,664)	(120,264)
Tax on profit for the year	(19,302)	7,274	12,028
Net profit for the year	80,145	(25,788)	54,357

	DKK '000
Measurement of lease liabilities	
Operating lease commitments disclosed as at 31 December 2018	3,654,672
Discounted using the lessee's incremental borrowing rate of at the date of initial application of 4,6%	2,302,419
Short and low value leases not recognised	(3,560)
Total lease liabilities recognised at 1 January 2019	**2,298,859**
Of which	
Current lease liabilities 1 January 2019	47,032
Non-current lease liabilities 1 January 2019	2,251,827
Total lease liabilities 1 January 2019	**2,298,859**

	2019 DKK '000	**2018** DKK '000
Note 18 – Tangible assets under construction		
Costs		
At 1 January	299,423	0
Additions	594,567	235,392
Transfers	(217,942)	64,031
At 31 December	676,048	299,423
Fair value adjustments		
At 1 January	143,028	0
Revaluation	0	115,224
Transfers	13,344	27,804
At 31 December	156,372	143,028
Carrying amount at 31 December	**832,420**	**442,451**
Note 19 – Deposits		
Cost at 1 January	66,141	65,292
Additions	0	849
Disposals	(1,387)	0
Cost at 31 December	**64,754**	**66,141**

	2019 DKK '000	2018 DKK '000
Note 20 – Inventories		
Property held for sale and under development		
At 1 January	0	339,185
Additions, transfer from investment property	0	(329,221)
Additions, properties under construction	0	10,299
Disposals	0	(20,263)
At 31 December	0	0
Developed land area in progress (square metres)	*0*	*0*
Inventories		
Raw materials and consumables	454	582
Work in progress	282	750
Finished goods	9,347	9,935
At 31 December	10,083	11,267
Cost of sales (from finished goods)	*235,125*	*341,824*
Carrying amount at 31 December	**10,083**	**11,267**

Note 21 – Trade receivables

Trade receivables	71,056	109,589
Provision for doubtful receivables	(2,480)	(3,656)
	68,576	**105,933**
Trade receivables from related companies	0	0
	68,576	**105,933**

Write downs which included the above receivables have developed as follows:

At 1 January	3,656	2,884
Change in provision	(1,176)	772
At 31 December	2,480	3,656

In addition, receivables at 31/12 were overdue, but not impaired as follows:

Up to 30 days	43,574	39,820
Between 30 days and 90 days	9,947	18,014
Over 90 days	4,170	7,849
Overdue net receivables at 31 December	57,691	65,683

	2019 DKK '000	2018 DKK '000
Note 22 – Other receivables		
Prepaid expenses	10,347	4,214
Other receivables	53,061	83,671
Other receivables at 31 December	**63,408**	**87,885**

Note 23 – Cash and cash equivalents

Cash and bank deposits	139,257	138,457
Bank deposits restricted	4,000	7,000
Cash and cash equivalents at 31 December	**143,257**	**145,457**

Note 24 – Non-controlling interests

1 January	177,167	170,863
Additions/disposals for the year	8,139	(24,380)
Paid dividend	(27,387)	0
Net profit for the year	12,702	28,970
Other comprehensive income for the year	111	1,714
Non-controlling interests at 31 December	**170,732**	**177,167**

Note 25 – Deferred tax

Deferred tax at 1 January	318,876	260,902
Adjustments in deferred tax	(39,346)	53,473
Adjustments in deferred tax of other comprehensive income	4,346	4,501
Deferred tax at 31 December	**283,876**	**318,876**

	Deferred tax asset 2019 DKK '000	Deferred tax liability 2019 DKK '000	Deferred tax asset 2018 DKK '000	Deferred tax liability 2018 DKK '000
Intangible and tangible assets	0	286,613	0	325,597
Receivables	389	0	725	0
Long-term debt	491	0	1,272	0
Other provision and payables	1,857	0	4,724	0
Total deferred tax	**2,737**	**286,613**	**6,721**	**325,597**

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

Note 26 – Deposits from tenants

	2019 DKK '000	2018 DKK '000
Cost at 1 January	45,996	41,695
Additions	3,137	16,475
Disposals	(17,351)	(12,174)
Cost at 31 December	**31,782**	**45,996**
Non-current 31 December	16,669	16,240
Current 31 December	15,113	29,756
	31,782	**45,996**

Note 27 – Work in progress

Selling price of work in progress	0	159,599
Payments received on account	0	(194,837)
	0	**(35,238)**

Recognised in the balance sheet as follows:

Prepayments received recognised in debt	0	(35,238)
	0	**(35,238)**

Note 28 – Financial assets and financial liabilities

Receivables and cash at amortised cost		
Deposits	64,754	66,141
Trade receivables	68,577	105,933
Other receivables	63,408	88,280
Cash	143,257	145,457
Receivables and cash, total	339,996	405,811

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

Financial obligations at amortised cost		
Credit institutions	1,243,796	1,275,106
Deposits	31,782	45,996
Trade payables	100,615	143,855
Other payables	66,424	67,387
Loans and receivables, total	1,442,617	1,532,344

	2019 DKK '000	2018 DKK '000
Financial obligations at fair value through other comprehensive income		
Interest rate swaps	(16,484)	395

The fair value of the interest rate swaps is recognised according to the accounting principles of investment activities. In 2019 DKK 16,879k net loss was recognised as other comprehensive income (2018: DKK 6,206k net loss). The interest rate swaps expires in 2030.

Financial obligations, total	1,447,612	1,532,344
Financial obligations at amortized cost		
Within 1 year	884,569	688,153
Between 1 and 5 years	240,234	442,860
More than 5 years	327,341	407,218
Gross value at 31 December	1,452,144	1,538,231
Of this amortisation and interest	(4,532)	(5,887)
Financial obligations at amortised cost at 31 December	1,447,612	1,532,344

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	883,921	687,230
Between 1 and 5 years	236,997	440,341
More than 5 years	326,694	404,773
Fair value at 31 December	1,447,612	1,532,344

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 negative fair value of interest rate swaps at 31 December 2019 is included in the balance sheet under current liabilities. The calculated present value based on expected interest rate differences is determined by the provider of the interest rate swaps.

Fair value adjustments are recognised under financial items in the income statement and in other comprehensive income:

	2019			2018		
	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	(16,325)	(15,830)	0	(5,155)	495
Interest rate swap, gross	0		0	0	(280)	0
Interest rate swap, gross	0	(554)	(654)	0	(771)	(100)
	0	**(16,879)**	**(16,484)**	**0**	**(6,206)**	**395**

Note 29 – Fair value hierarchy

			2019
	Level 1 DKK '000	**Level 2** DKK '000	**Level 3** DKK '000
Disclosures about assets and liabilities determined at fair value			
Assets measured at fair value			
Investment property			1,709,723
Production property			456,704
Liabilities measured at fair value			
Negative market value of interest rate swap		(16,484)[1)]	

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

			2018
	Level 1 DKK '000	**Level 2** DKK '000	**Level 3** DKK '000
Disclosures about assets and liabilities determined at fair value			
Assets measured at fair value			
Investment property			2,187,429
Production property			457,660
Positive market value of interest rate swap		395[1)]	

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 (2018: 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.

	2019	**2018**
	DKK '000	DKK '000
Note 30 – Recognised fair value measurements		
Investment properties (discounted cash flow)		
Rental income etc. year 1	40,099	41,239
Average annual revenue growth 2020-2024 (2018: 2019-2023)	2,5%	1.50%
Annual idle rent	6-10%	6-10%
Growth rate from 2025, estimated (2018: 2024)	2,5%	2.00%
Net initial yields used	4,30%	4.40%
Investment properties (yield based) – no one on hand 31 December 2019		
Structural Vacancy		2.00%
Yield		4.25%
Rental income		29,116
Production property (discounted cash flow)		
EBITDA year 1	40,044	40,746
Average annual revenue growth 2020-2024 (2018: 2019-2023)	0	2%
Growth rate from 2025, estimated (2018: 2024)	5%	2%
WACC	6,9%	7,4%

Note 31 – Collateral

	2019	2018
	DKK '000	DKK '000
At 31 December, the following assets have been provided as collateral for debt to credit institutions:		
Production and investment property, carrying amount	2,465,538	2,629,880
	2,465,538	2,629,880

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

Collateral has been provided through the following:		
Nordea Bank	1,375,480	1,336,037
Danske Bank	11,505	10,135
Total	1,386,985	1,346,172

Note 32 - Contingent liabilities and other financial obligations

The Group has entered into 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. The majority parts of lease agreements have been reclassified to right-of-use assets in 2019 in connection with the implementation of IFRS 16. Future minimum lease payments under operating lease contracts and rent commitments amount to:

Within 1 year		
Operational rental obligations	0	135,937
Operational lease obligations	1,924	1,778
	1,924	137,715
Between 1 and 5 years		
Operational rental obligations	0	507,567
Operational lease obligations	1,973	1,782
	1,973	509,349
After 5 years		
Operational rental obligations	0	3,007,608
Operational lease obligations	0	0
	0	3,007,608
Rent expenses charged to the income statement during the year	0	142,527
Lease expenses charged to the income statement during the year	2,872	1,723
Total expenses charged to the income statement during the year	**2,872**	**144,250**

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. The finance leases have been reclassified to right-of-use assets in 2019 in connection with the implementation of IFRS 16.

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

	2019		2018	
	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	0	0	1,403	1,253
1-5 years	0	0	3,922	3,695
After 5 years	0	0	0	0
	0	0	5,325	4,948
Interest element	0	0	(377)	0
Fair value	**0**	**0**	**4,948**	**4,948**

Contingent liabilities

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

Moreover, the group companies are jointly and severally liable for Danish Witholding taxes by way of dividend tax and tax on unearned income. Any subsequent adjustments of corporation taxes may increase the Parent Company's liability.

A lawsuit is raised from a prior minority owner of Bellakvarter A/S against the Group and other related parties for potential loss relating to the Group's sale of Bellakvarter A/S, with effect from 31 January 2020, and the forced redemption of minority shareholders of Bellakvarter A/S.

At this stage the amount is unknown and therefore it is not possible to determine the potential liability.

The Group has the obligation to perform maintenance of rented hotel buildings, both interior and exterior. There is the risk that one of the hotel buildings may require replacement of part of the facade. For the time being, it is not possible to evaluate and conclude the extent of the replacement. The Group expects that the main contractor will cover expenses related to the replacement

Note 33 - 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 2019 interest rate hedging was agreed for loans of DKK 555 million. A discount to net present value of the interest rate difference between floating-rate loans and the fixed-rate interest rate swaps constitutes negative DKK 16.9 million (2018: positive DKK 0.4 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 2019, the interest-rate hedging covered approximately 44% (2018: 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 2019 level and will affect the interest costs in the range +/- DKK 7 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 and 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 2019 appear from balance sheet. 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 34 – Related party transactions
The Group is controlled by intermediate Parent 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.

	2019	**2018**
	DKK '000	DKK '000
Note 35 – Fees to statutory auditors		
Statutory audit	1,596	1,539
Audit related services	430	444
Tax services	2,774	1,181
Other services	2,642	7,228
	7,442	**10,392**

Note 36 – Cash flow statement, Adjustments for income statement items without cash effect

Depreciation and amortisation	141,811	63,163
Profit/loss on disposal of property, plant and equipment	7,211	12
Value adjustments of investment properties	(153,667)	(231,894)
Provision for doubtful receivables	(818)	772
	(5,463)	**(167,947)**

Note 37 – Cash flow statement, change in working capital

Change in inventories	1,184	1,855
Change in receivables	38,175	456
Change in other receivables	26,260	(41,000)
Change in trade payables	(43,241)	22,590
Change in provisions	220	(7,974)
Change in prepayments received from customers	582	(19,293)
Change in other payables	2,077	(16,086)
Change in work in progress	(35,239)	(44,093)
Change in deposits	(14,215)	3,452
	(24,197)	**(100,093)**

Note 38 – Covid 19 - Going concern

Following the outbreak of Covid-19, the Group has experienced a significant slowdown in hotel and conference businesses after the end of the financial year. Also manufacturing of chocolate has been affected.

The result of the above is that the Group's liquidity is expected to be tight during 2020. The Group's ability to continue operations depends on a number of uncertainties; the prevalence of Covid-19, the temporal extent of restrictions that affect business activities, economic aid packages, and the speed at which the economy recovers after COVID-19.

As a result of these factors, there are uncertainties that can raise doubt about the Group's ability to continue operations. Management has obtained a loan from the Group's bank under Vækstfonden's scheme for financing for companies affected by COVID-19 amounting to DKK 100 million.

Furthermore, Management has entered into agreements with the owners of the properties which the Group rents and carry out its hotel and conference businesses from. Rent payments will now be based on a percentage of relevant revenue above a threshold in the period up to 1 January 2024 at the latest. In addition, the Group has used other Danish compensation schemes for salary compensation and fixed cost compensation and expects to continue to use schemes available or take necessary action to reduce costs. Based on available compensation schemes and possibilities to make further cost reduction if needed, Management considers that the available funds and remaining credit facility as of July 2020, including the new loan, will be adequately up to 31 December 2020 and into 2021. Management therefore submits the annual report on the basis of continued operations.

Note 39 – Subsequent events

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

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

To date, the Group’s hotel and conference businesses have been negatively impacted by the effects of COVID-19 as several customers have halted a number of existing and new conferences. Moreover, the Group has been negatively impacted by the significant decline in business activities, and consequently, Management decided to lay-off approximately 300 employees. Furthermore, it has been decided to close-down AC Hotel Bella Sky temporary. AC Hotel Bella Sky is expected to be open again from September 2020.

COVID-19 has caused a significant decline in the Group’s revenue from hotel and conference businesses of more than 80% compared to last year, since 9 March 2020. The reason for this is that the Group’s customers have cancelled a number of existing orders, and that orders have stopped coming in. Many of the Group’s customers have indicated that they will continue conferences at a later point in time, but COVID-19 will have significant negative impacts on the Group’s revenue and earnings in 2020.

Management is monitoring developments closely. Naturally, Management will make an effort to recapture any lost revenue later in the year. At this time, it is not possible to calculate the size of the negative COVID-19 impact.

In connection with the new loan and agreements entered into with the owners of the properties that the Group rent and carry out its business from, further mortgage pledges of DKK 20 million has been issued against other fixtures and fittings, tools and equipment.

Income Statement 1 January – 31 December

Parent Company

	Note	2019 DKK '000	2018 DKK '000
Revenue	B	6,408	7,629
Other external costs		(12,456)	(10,880)
Staff expenses	C	(10,584)	(5,338)
Profit before financial income and expenses		**(16,632)**	**(8,589)**
Income from dividend and sale of subsidiaries		92,616	0
Write-down financial assets		(5,000)	(16,824)
Financial income	D	14,178	3,819
Financial expenses	E	(17,220)	(17,156)
Profit before tax		**67,942**	**(38,750)**
Tax on profit for the year	F	17,454	(26,592)
Net profit for the year		**85,396**	**(65,342)**

Balance Sheet 31 December - Assets

Parent Company

	Note	2019 DKK '000	2018 DKK '000
Assets			
Investment in subsidiaries	G	59,154	64,154
Financial assets		**59,154**	**64,154**
Non-current assets		**59,154**	**64,154**
Trade receivables		675	150
Receivables from group enterprises		154,908	126,782
Corporate tax		0	714
Other receivables		8,667	23,573
Cash at bank and in hand		14,421	809
Current assets		**178,671**	**152,028**
Total assets		**237,825**	**216,182**

Balance Sheet 31 December – Liabilities and Equity

Parent Company

	Note	2019 DKK '000	2018 DKK '000
Liabilities and equity			
Share capital		100,500	100,500
Retained earnings		25,316	40,570
Equity		**125,816**	**141,070**
Trade payables		145	371
Payables to group enterprises		87,453	72,441
Corporate tax		21,004	0
Other payables		3,407	2,300
Current liabilities		**112,009**	**75,112**
Total liabilities and equity		**237,825**	**216,182**

Statement of Changes in Equity 1 January – 31 December

Parent Company

	Share capital	Retained earnings	Total equity
	DKK '000	DKK '000	DKK '000
At 1 January 2018	100,500	105,912	206,412
Net profit/loss for the year	0	(65,342)	(65,342)
At 31 December 2018	**100,500**	**40,570**	**141,070**
At 1 January 2019	100,500	40,570	141,070
Interim dividend paid	0	(100,650)	(100,650)
Net profit/loss for the year	0	85,396	85,396
At 31 December 2019	**100,500**	**25,316**	**125,816**

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.

The Parent Company 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 2019 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 2019 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 Group, 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 Group, 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 the Parent Company 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 Parent 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 Parent 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.

	2019 DKK '000	2018 DKK '000
Note C – Staff expenses		
Wages and salaries	10,580	5,323
Pensions	0	0
Other social security costs	4	15
	10,584	**5,338**

Note D – Financial income

Interest received from Group enterprises	2,608	3,407
Other financial income	11,570	412
	14,178	**3,819**

Note E – Financial expenses

Impairment losses on receivables	14,980	15,537
Interest paid to Group enterprises	2,201	1,458
Other financial expenses	39	161
	17,220	**17,156**

Note F – Tax on profit for the year

Tax on profit	(18,868)	(311)
Adjustment of previous years	1,414	26,903
	17,454	**26,592**

Note G – Investments in subsidiaries

Cost at 1 January	80,978	77,978
Additions for the year	0	3,000
Adjustment from merger	0	0
Cost at 31 December	**80,978**	**80,978**
Impairment at 1 January	16,824	0
Impairment	5,000	16,824
Value adjustments at 31 December	**21,824**	**16,824**
Carrying amount at 31 December	**59,154**	**64,154**

Investments in subsidiaries 31 December 2019 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%	289,857	93,725
- Bella Solstra A/S	163,964	100%	425,186	141,874
- Bellakvarter A/S	20,269	84%	479,097	95,223
- Bellakvarter Projektselskab A/S	500	100%	12,610	3,145
- BCHG Holding A/S	23,821	85%	572,288	(556)
- BC Hospitality Group A/S	1,000	100%	219,695	(23,493)
- BCHG SPV ApS	50	100%	14	(18)
- BCHG Properties A/S	1,000	100%	345,359	15,618
Investeringsselskabet BTPL ApS	80	100%	24	36
Magillum Investments ApS	125	100%	2,713	604
Scandinavian Design & Retail A/S	5,000	100%	(664)	(2,903)
Magillum Avedøre A/S	19,339	100%	63,739	1,972
Copenhagen Chocolate Factory ApS	126	100%	(8,994)	(9,008)
CCF Properties ApS	50	100%	3,929	1,489

Subsequently to 31 December 2019 the shares in Bellakvarter A/S and Bellakvarter Projektselskab A/S has been sold.

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

	2019	2018
	DKK '000	DKK '000
Retained earnings	(60,080)	(65,342)
	(60,080)	**(65,342)**
Extraordinary dividend after year end	500,000	0

Note J – Contingent liabilities

The Parent Company has issued letters of support and subordination in favour of external creditors for Bella Solstra A/S, Investeringsselskabet BTPL ApS, Scandinavian Design & Retail A/S, Copenhagen Chocolate Factory ApS and CCF Properties ApS. The letters are applicable until 1 January 2021.

Joint Taxation

The Danish Group companies are jointly and severally liable for tax of the group's jointly taxed income etc. the Parent Company is the administration company for the joint taxation purposes.

Moreover, the group companies are jointly and severally liable for Danish Witholding taxes by way of dividend tax and tax on unearned income. Any subsequent adjustments of corporation taxes may increase the Parent Company's liability.

See also note 32 of the consolidated financial statements.

Note K – Related parties and ownership

Controlling interest	**Basis**
Alshair Fiyaz, Monaco	Ultimate owner
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 Parent 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 Parent 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.

Note L –Covid-19 – going concern

See note 38 of the consolidated financial statements.

Note M –Subsequent events

See note 39 of the consolidated financial statements.