Alpha 1 A/S

Fridtjof Nansens Plads 5, 2100 København Ø

CVR no. 34 59 19 97

Annual report 2018

Approved at the Company's annual general meeting on 7 May 2019

Chairman:

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Building a better working world

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Alpha 1 A/S for the financial year 1 January - 31 December 2018.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 7 May 2019
Executive Board:

Katia Ciesielska

Board of Directors:

Harry Duncan MacDonald
Chairman

Katia Ciesielska

Carl Edgar Serge Vøgg

Independent auditor's report

To the shareholders of Alpha 1 A/S

Opinion

We have audited the financial statements of Alpha 1 A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Odense, 7 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Schougaard Sørensen
State Authorised Public Accountant
mne32129

Management's review

Company details

Name	Alpha 1 A/S
Address, Postal code, City	Fridtjof Nansens Plads 5, 2100 København Ø
CVR no.	34 59 19 97
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	Harry Duncan MacDonald, Chairman Katia Ciesielska Carl Edgar Serge Vøgg
Executive Board	Katia Ciesielska
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark

Management's review

Business review

The company's purpose is to own and hold shares in companies, buying, selling, renting and renting real estate and any other related business.

Financial review

The income statement for 2018 shows a profit of DKK 1,208,544 against a loss of DKK 677,448 last year, and the balance sheet at 31 December 2018 shows equity of DKK 15,982,192.

Events after the balance sheet date

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

Financial statements 1 January - 31 December

Income statement

Note	DKK	2018	2017
	Gross margin	3,213,345	3,035,660
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,308,956	-1,308,954
	Profit before net financials	1,904,389	1,726,706
	Income from investments in group entities	74,312	-861,439
	Other financial income from group enterprises	1,606,945	1,563,650
	Financial income	4,339	7,996
	Financial expenses	-1,723,587	-1,715,306
	Profit before tax	1,866,398	721,607
	Tax for the year	-657,854	-1,399,055
	Profit/loss for the year	1,208,544	-677,448
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	1,208,544	-677,448
		1,208,544	-677,448

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2018	2017
	ASSETS		
	Fixed assets		
	Property, plant and equipment		
	Land and buildings	88,063,591	89,372,547
		88,063,591	89,372,547
	Investments		
	Investments in group entities, net asset value	0	0
	Deposit Grundejernes Investeringsfond	484,949	479,012
		484,949	479,012
	Total fixed assets	88,548,540	89,851,559
	Non-fixed assets		
	Receivables		
	Receivables from group entities	27,013,073	25,982,756
	Other receivables	171,327	35,079
	Deferred income	8,412	63,581
		27,192,812	26,081,416
	Cash	2,325,322	2,073,120
	Total non-fixed assets	29,518,134	28,154,536
	TOTAL ASSETS	118,066,674	118,006,095

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2018	2017
	EQUITY AND LIABILITIES		
	Equity		
3	Share capital	10,000,000	10,000,000
	Retained earnings	5,982,192	4,773,648
	Total equity	15,982,192	14,773,648
	Liabilities other than provisions		
4	**Non-current liabilities other than provisions**		
	Mortgage debt	96,143,788	97,166,950
	Deposits	3,006,220	3,117,034
		99,150,008	100,283,984
	Current liabilities other than provisions		
4	Current portion of long-term liabilities	1,030,914	1,021,904
	Trade payables	93,348	161,257
	Income taxes payable	662,254	587,080
	Other payables	1,147,958	1,178,222
		2,934,474	2,948,463
	Total liabilities other than provisions	102,084,482	103,232,447
	TOTAL EQUITY AND LIABILITIES	118,066,674	118,006,095

1 Accounting policies
2 Staff costs
5 Contractual obligations and contingencies, etc.
6 Collateral

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2017	61,500,000	-45,048,904	16,451,096
Capital reduction	-51,500,000	51,500,000	0
Transfer through appropriation of loss	0	-677,448	-677,448
Dividend suggested as part of capital reduction	0	-1,000,000	-1,000,000
Equity at 1 January 2018	10,000,000	4,773,648	14,773,648
Transfer through appropriation of profit	0	1,208,544	1,208,544
Equity at 31 December 2018	10,000,000	5,982,192	15,982,192

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Alpha 1 A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

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

Reporting currency

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

Income statement

Revenue

Rent comprises rental income from the leases of properties. Rent is recognised on an accruals basis.

Rent 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.

Gross margin

With reference to section 32 of the Danish Financial Statements Act, the items 'Rent', 'Property expenses', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

Other external expenses

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

Depreciation

The item comprises depreciation of buildings.

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

Buildings	50 years

Land is not depreciated.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit making and loss making Danish entities in proportion to their taxable income.

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Prepayments

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

Cash

Cash comprises bank balances.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Staff costs

The Company has no employees.

3 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK	2018	2017	2016	2015	2014
Opening balance	10,000,000	61,500,000	61,500,000	75,000,000	50,000,000
Capital increase	0	0	0	0	25,000,000
Capital reduction	0	-51,500,000	0	-13,500,000	0
	10,000,000	10,000,000	61,500,000	61,500,000	75,000,000

4 Non-current liabilities other than provisions

DKK	Total debt at 31/12 2018	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	97,174,702	1,030,914	96,143,788	92,615,606
Deposits	3,006,220	0	3,006,220	0
	100,180,922	1,030,914	99,150,008	92,615,606

5 Contractual obligations and contingencies, etc.

Other contingent liabilities

The company has provided letter of support to subsidiary.

The company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the period 30 June 2015 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 30 June 2015.

6 Collateral

The following assets have been provided as collateral for mortgages:

Property, plant and equipment with a carrying amount of (DKK) 88,063,591