

CT Solstra ApS

c/o Solstra Capital Partners
Lautrupsgade 7. 3. tv., 2100 København Ø

CVR no. 35 41 04 14

Annual report 2017

Approved at the Company's annual general meeting on 31 May 2018

Chairman:

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Mette Kapsch





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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of CT Solstra ApS for the financial year 1 January - 31 December 2017.

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

In my opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2017 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2017.

Further, in my opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Copenhagen, 31 May 2018
Executive Board:

A handwritten signature in blue ink, appearing to read 'Johan Ewald Lorentzen', is written over a horizontal dotted line.

Johan Ewald Lorentzen

Independent auditor's report

To the shareholders of CT Solstra ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of CT Solstra ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2017 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 consolidated financial statements and the parent Company financial statements" (hereinafter collectively referred to as "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 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 rules and requirements.

Material uncertainty related to going concern

We draw attention to note 2 in which Management states that it is a condition for the Group's and the Company's ability to remain a going concern that the Group obtains positive results of its ongoing work regarding renewing its main financing agreements in addition to a continued positive development in the leasing activity. It is Management's assessment that these assumptions will be achieved, and consequently, the financial statements have been prepared on a going concern assumption.

We have not modified our opinion in respect of this matter.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Group's and the 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.

Independent auditor's report

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 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 note 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.

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.

Independent auditor's report

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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Anders Stig Lauritsen
State Authorised Public Accountant
MNE no.: mne32800


Kaare K. Lendorf
State Authorised Public Accountant
MNE no.: mne33819

Management's review

Company details

Name	CT Solstra ApS
Address, Postal code, City	c/o Solstra Capital Partners Lautrupsgade 7. 3. tv., 2100 København Ø
CVR no.	35 41 04 14
Established	6 August 2013
Registered office	København
Financial year	1 January - 31 December
Telephone	+45 39 13 99 00
Executive Board	Johan Ewald Lorentzen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Financial highlights for the Group

DKKm	2017	2016	2015	2014
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Key figures

Revenue	247	142	130	116
Gross margin	148	50	55	50
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	86	2	14	13
Profit before interest, tax and amortisation of goodwill (EBITA)	34	-51	-13	-473
Net financials	-67	-68	-53	-39
Profit/loss for the year	-34	-118	-66	-501

Fixed assets	1,551	1,574	1,568	1,311
Non-fixed assets	105	60	71	67
Total assets	1,656	1,634	1,639	1,378
Equity	-659	-644	-545	-494

Financial ratios

Operating margin	13.6%	-35.6%	-9,803.1%	-407,672.4%
Gross margin	59.9%	35.2%	42.3%	43.1%
EBITDA-margin	34.8%	1.4%	10.8%	11.2%
Current ratio	4.5%	80.0%	97.3%	0.1%

Average number of employees	175	137	124	129
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Management's review

Business review

The Group's purpose is to develop the Copenhagen Towers multi-user office complex and attract new tenants to secure a steady long-term lease income. The Group owns and operates a hotel and conference center.

The purpose of CT Solstra ApS is to hold interests in the subsidiary Copenhagen Skyline Holding ApS.

Recognition and measurement uncertainties

All of the office buildings have been completed except for interior fit-out work awaiting specifications from tenants. App. 61% of the office buildings were vacant at year end, and consequently, Management has carried out an impairment test of fixed assets. The test did not show a need to recognise any impairment losses.

The Group's earnings from the hotel activities were affected by construction and development in the area, and consequently, Management has carried out an impairment test of fixed assets. The test did not show a need to recognise any impairment losses.

Management experiences increased demand from potential tenants for the vacant buildings, and Management has entered into substantive negotiations with potential tenants. Furthermore, revenue from the hotel activity has improved during the past years.

Due to the above uncertainties regarding earnings, the impairment test is subject to considerable uncertainties, and consequently, the carrying amount of fixed assets is subject to considerable uncertainties. If the assumptions used develop adversely, impairment losses may need to be recognised in the coming financial years.

Unusual matters having affected the financial statements

Going concern

The main financing agreements falls due in the coming financial year and the loan has been recognised as a current liability in the financial statements. Management has prepared a sensitivity analysis on cash flow budgets showing that it is a precondition for the Group's ability to remain a going concern until the presentation of the financial statements for 2018 that the Company obtains positive results of its ongoing work regarding renewing its main financing agreements in addition to a continued positive development in the leasing activity.

Management is working on such renewed main financing together with the lender and management expects to finalise a new financing agreement during the coming months and to rent out a significant part of the vacant buildings in the coming period.

There is material uncertainty related to the going concern assumption, which casts significant doubt on the Company's ability to continue as a going concern, and therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's equity is expected to be re-established over the coming years due to rent income from properties, realization of properties and cancellation of debt.

Reference is made to note 2 for more details.

Management's review

Financial review

In 2017, the group's revenue amounted to DKK 247,278 thousand against DKK 142,472 thousand last year. The income statement for 2017 shows a loss of DKK 33,504 thousand against a loss of DKK 118,099 thousand last year, and the group's balance sheet at 31 December 2017 shows a negative equity of DKK 658,723 thousand.

Events after the balance sheet date

No significant events have occurred after the balance date that materially affect the financial statements at 31 December 2017.

Outlook

In the coming year, Management expects that earnings from the leasing activities will increase in connection with the reduction of vacancy and positive results of the negotiations regarding refinancing, which is a condition for the Company's continued operations after 2018.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	Group		Parent company	
		2017	2016	2017	2016
	Revenue	247,278	142,472	0	0
	Other external expenses	-98,975	-92,626	-144	-150
	Gross margin	148,303	49,846	-144	-150
4	Staff costs	-62,122	-48,120	0	0
5	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-52,474	-52,322	0	0
	Profit/loss before net financials	33,707	-50,596	-144	-150
	Financial income	0	10	0	0
	Financial expenses	-67,211	-67,513	-405	-395
	Profit/loss for the year	-33,504	-118,099	-549	-545

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

		Group		
Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2017	80	-644,042	-643,962
	Transfer through appropriation of loss	0	-33,504	-33,504
	Adjustment of hedging instruments at fair value	0	18,743	18,743
	Equity at 31 December 2017	80	-658,803	-658,723

		Parent company		
Note	DKK'000	Share capital	Retained earnings	Total
	Equity at	80	-1,499	-1,419
16	Transfer, see "Appropriation of profit/loss"	0	-549	-549
	Equity at 31 December 2017	80	-2,048	-1,968

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group	
		2017	2016
	Profit/loss for the year	-33,504	-118,099
17	Adjustments	119,648	119,825
	Cash generated from operations (operating activities)	86,144	1,726
18	Changes in working capital	3,069	8,368
	Cash generated from operations (operating activities)	89,213	10,094
	Interest received, etc.	0	10
	Interest paid, etc.	-67,210	-67,513
	Cash flows from operating activities	22,003	-57,409
	Additions of property, plant and equipment	-29,848	-57,716
	Cash flows to investing activities	-29,848	-57,716
	Proceeds of long-term liabilities	58,148	91,486
	Cash flows from financing activities	58,148	91,486
	Net cash flow	50,303	-23,639
	Cash and cash equivalents at 1 January	27,665	51,304
	Cash and cash equivalents at 31 December	77,968	27,665

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of CT Solstra ApS for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

Basis of recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Reporting currency

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

Consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The group's activities in joint operations are recognised on a line-by-line basis.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated and qualifying as a cash flow hedge are taken to equity until the hedged transaction is carried through. Where the future transaction results in recognition of an asset or a liability, the accumulated fair value adjustment is transferred from equity to the cost of the asset or liability. Where the future transaction results in income or expenses, the accumulated fair value adjustment is transferred from equity to the income statement together with the hedged item.

Fair value adjustments of derivative financial instruments, which do not qualify for being treated as hedging instruments, are recognised in the income statement.

Income statement

Revenue

Revenue comprises income from hotel activities such as renting of rooms, conference facilities and income from restaurant activities, etc.

Revenue also comprises lease income from the office buildings and parking. Lease income is recognised over the lease term on a straight-line basis.

Revenue is measured at the fair value of the agreed consideration excl. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Other external expenses

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

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Group's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Consolidated financial statements and parent company financial statements 1 January -
31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

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:

Land and buildings	20-50 years
Other fixtures and fittings, tools and equipment	10 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The Company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Consolidated financial statements and parent company financial statements 1 January -
31 December

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation. Land is not depreciated.

The basis of depreciation is cost less expected residual value at the end of the useful life.

Cost comprises the purchase price, financing costs and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	20-50 years
Tools and equipment	10 years

Gains or losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as depreciation.

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation. Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

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

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.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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.

Consolidated financial statements and parent company financial statements 1 January -
31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

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

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
EBITDA-margin	$\frac{\text{EBITDA}}{\text{Revenue} \times 100}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

2 Material going concern uncertainties

The main financing agreement falls due in the coming financial year and the loan has been recognised as a current liability in the financial statements. Management has prepared a sensitivity analysis on cash flow budgets showing that it is a precondition for the Group's ability to remain a going concern until the presentation of the financial statements for 2018 that the Company obtains positive results of its ongoing work regarding renewing its main financing agreements in addition to a continued positive development in the leasing activity.

Management is working on such renewed main financing together with the lender and management expects to finalise a new financing agreement during the coming months and to rent out a significant part of the vacant buildings in the coming period.

There is material uncertainty related to the going concern assumption, which casts significant doubt on the Company's ability to continue as a going concern, and therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's equity is expected to be re-established over the coming years due to rent income from properties, realization of properties and cancellation of debt.

3 Recognition and measurement uncertainties

All of the office buildings have been completed except for interior fit-out work awaiting specifications from tenants. App. 61 % of the office buildings were vacant at year end, and consequently, Management has carried out an impairment test of fixed asset. The test did not show a need to recognise any impairment losses.

The Group's earnings from the hotel activities were affected by construction and development in the area, and consequently, Management has carried out an impairment test of fixed assets. The test did not show a need to recognise any impairment losses.

Due to the above uncertainties regarding earnings, the impairment test is subject to considerable uncertainties, and consequently, the carrying amount of fixed assets is subject to considerable uncertainties. If the assumptions used develop adversely, impairment losses may need to be recognised in the coming financial years.

Management experiences increased demand from potential tenants for the vacant buildings, and Management has entered into substantive negotiations with potential tenants. Due to the improved situation, Management has reversed impairment write-downs from previous years.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

	Group		Parent company	
	2017	2016	2017	2016
DKK'000				
4 Staff costs				
Wages/salaries	62,122	48,120	0	0
	<u>62,122</u>	<u>48,120</u>	<u>0</u>	<u>0</u>
Average number of full-time employees	175	137	0	0
	<u>175</u>	<u>137</u>	<u>0</u>	<u>0</u>
Remuneration to members of management:				
Executive board	629	629	0	0
	<u>629</u>	<u>629</u>	<u>0</u>	<u>0</u>
5 Amortisation/depreciation of intangible assets and property, plant and equipment				
Amortisation of intangible assets	36	0	0	0
Depreciation of property, plant and equipment	52,438	52,322	0	0
	<u>52,474</u>	<u>52,322</u>	<u>0</u>	<u>0</u>

6 Intangible assets

	Group		
	Acquired intangible assets	Goodwill	Total
DKK'000			
Cost at 1 January 2017	1,402	460,513	461,915
Cost at 31 December 2017	1,402	460,513	461,915
Impairment losses and amortisation at 1 January 2017	266	460,513	460,779
Amortisation/depreciation in the year	36	0	36
Impairment losses and amortisation at 31 December 2017	302	460,513	460,815
Carrying amount at 31 December 2017	<u>1,100</u>	<u>0</u>	<u>1,100</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK'000	Group			Total
	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	
Cost at 1 January 2017	1,665,218	12,240	0	1,677,458
Additions in the year	26,796	3,052	0	29,848
Cost at 31 December 2017	1,692,014	15,292	0	1,707,306
Impairment losses and depreciation at 1 January 2017	100,516	4,350	0	104,866
Amortisation/depreciation in the year	50,422	2,016	0	52,438
Impairment losses and depreciation at 31 December 2017	150,938	6,366	0	157,304
Carrying amount at 31 December 2017	1,541,076	8,926	0	1,550,002

8 Investments

Group				
Name	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries				
Copenhagen Skyline Holding				
ApS	Copenhagen	100.00%	-700	-32
Copenhagen Skyline ApS	Copenhagen	100.00%	-190,516	7
CPH Hotel Management Holding				
ApS	Copenhagen	100.00%	-5,519	-32
WTCC P/S	Copenhagen	100.00%	4,726	-472
Copenhagen Towers ApS	Copenhagen	100.00%	-611,354	-143
Copenhagen Towers II P/S	Copenhagen	100.00%	-475,656	5,550
Komplementarselskabet WTCC				
A/S	Copenhagen	100.00%	-47	2
Komplementarselskabet WTCC II A/S				
A/S	Copenhagen	100.00%	-118	-12
Crowne Plaza Copenhagen				
Towers A/S	Copenhagen	100.00%	2,954	-146
Copenhagen Towers Holding				
ApS	Copenhagen	100.00%	-66,934	-31
				Parent company
				Investments in group entities
DKK'000				
Cost at 1 January 2017				0
Carrying amount at 31 December 2017				0

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

9 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years.

10 Share capital

The parent's share capital has remained DKK 80 thousand over the past 4 years.

11 Non-current liabilities other than provisions

DKK'000	Group			
	Total debt at 31/12 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	2,244,165	2,244,165	0	0
Other payables	16,472	16,472	0	0
	<u>2,260,637</u>	<u>2,260,637</u>	<u>0</u>	<u>0</u>
	Parent company			
DKK'000	Total debt at 31/12 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	16,472	16,472	0	0
	<u>16,472</u>	<u>16,472</u>	<u>0</u>	<u>0</u>

12 Deferred income

Group

Deferred income consists of payments received from customers that may not be recognised until the subsequent financial year.

13 Contractual obligations and contingencies, etc.

Other contingent liabilities

Group

Except for the Parent Company, the Group was jointly taxed with the other Danish companies in the ALMC Group until 31 January 2014. Together with the other companies included in the joint taxation, the Group is jointly and severally liable for payment of income taxes for the income in the period of joint taxation and withholding taxes in the group of jointly taxed entities.

Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income years from 1 February 2014 and withholding taxes in the group of jointly taxed entities.

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Notes to the financial statements

14 Collateral

Group

Registered mortgages totalling DKK 2,306 million in the Group's properties with the carrying amount of which is DKK 1,541 million, have been provided as security for the Group's bank loans, which totals DKK 2,244 million.

Parent company

The Parent Company has not placed any assets as security for loans at 31 December 2017.

15 Related parties

Group

Related party transactions

As a result of the Group's financial situation, no interest has been added to receivables and payables to affiliates.

	Parent company	
DKK'000	2017	2016
16 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	-549	-545
	<u>-549</u>	<u>-545</u>
	Group	
DKK'000	2017	2016
17 Adjustments		
Amortisation/depreciation and impairment losses	52,438	52,322
Financial income	0	-10
Financial expenses	67,210	67,513
	<u>119,648</u>	<u>119,825</u>
18 Changes in working capital		
Change in inventories	-162	-53
Change in receivables	4,449	-12,188
Change in trade payables and other payables	-1,218	20,609
	<u>3,069</u>	<u>8,368</u>