



Capital Four AIFM A/S

Per Henrik Lings Allé 2, 8th floor
2100 Copenhagen Ø
CVR-no. 35 67 06 37

Annual Report 2018 ***1 January – 31 December 2018***

This annual report has been adopted
at the company's annual general
meeting on, the *27/3* 2019

Chairman of the meeting:

A handwritten signature in blue ink, appearing to read "Lone B. Sauer".

Lone Benjaminsen Sauer
General Counsel
Attorney-at-law

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Company details

Capital Four AIFM A/S
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2100 Copenhagen Ø
CVR-no.: 35 67 06 37
Domicile: Copenhagen

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Internet: www.capital-four.com
E-mail: camilla.levin@capital-four.com

Board of Directors
Niels Roth, *chairman*
Harold Murphy
Jeremy Nevil Charles Bassil

Board of Management
Sandro Näf
Torben Maggaard Skødeberg

Auditors
Ernst & Young, Godkendt Revisionspartnerselskab
Osvald Helmut's Vej 4
2000 Frederiksberg

Banks
Jyske Bank A/S
Ringkøbing Landbobank A/S

Group relationship

The Company is included in the consolidated financial statements of the parent company, Capital Four Holding A/S. The Annual Report can be obtained at the phone number 35 25 61 00 or at camilla.levin@capital-four.com.

Statement by the Board of Directors and the Board of Management

The Board of Directors and Board of Management have today discussed and approved the Annual Report for the financial year 1 January – 31 December 2018 for Capital Four AIFM A/S.

The Annual Report has been prepared in accordance with recognition and measurement requirements in the Alternative Investment Fund Managers etc. Act.

The financial statements gives a true and fair view of the Company's assets, liabilities, equity and financial position as at 31 December 2018 and of the results of operations for the financial year 1 January – 31 December 2018.

The Management's Review gives a fair view of the development in the Company's operations and financial matters as well as a description of the most material risks and elements of uncertainty that may affect the Company.

We recommend that the Annual Report is approved at the Annual General Meeting.

Copenhagen, 12 March 2019

Board of Management



Sandro Näf



Torben Magaard Skødeberg

Board of Directors



Niels Roth
Chairman



Jeremy Nevil Charles Bassil



Harold Murphy

Independent Auditor's Report

To the shareholders of Capital Four AIFM A/S

Opinion

We have audited the financial statements of Capital Four AIFM A/S for the financial year 1 January – 31 December 2018, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Alternative Investment Fund Managers etc. 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 Alternative Investment Fund Managers etc. Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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 Alternative Investment Fund Managers etc. 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 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 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.
- ▶ 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 Alternative Investment Fund Managers etc. Act.

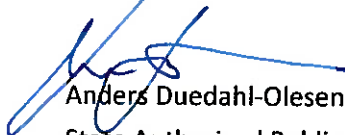
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Alternative Investment Fund Managers etc. Act. We did not identify any material misstatement of the Management's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

Copenhagen, 12 March 2019

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR-nr. 30 70 02 28



Anders Duedahl-Olesen

State Authorised Public Accountant
mne24732



Lone Søgaard Lundin

State Authorised Public Accountant
mne44107

Management's Review

Company's Background

Capital Four Holding A/S is a financial holding company founded in 2014 by an exchange of shares from Capital Four Management Fondsmæglerselskab A/S.

Capital Four (representing Capital Four Holding, Capital Four Management Fondsmæglerselskab A/S and Capital Four AIFM A/S) was founded on two strategic thrusts: (1) Attractive industry growth of European credit markets; (2) Need of specialist Asset Management expertise to manage credit strategies. The European credit markets have gone through a remarkable growth period during the last two decades. Driven by the introduction of the Euro and thriving Corporate Finance and Private Equity activities, Leveraged Finance (High Yield Bonds & Loans) emerged as a new Asset Class in Europe. Although the recent financial crisis caused new issue High Yield markets to pause, the subsequent changes in regulation have provided a strong backdrop for significant growth of debt capital markets. Since 2008 the European High Yield market has grown from EUR 45.1bn to EUR 312.3 bn and is expected to continue to grow long-term due to favorable structural trends in Europe.

The founding partners of Capital Four have been working together for more than 15 years and when Capital Four was founded in 2007, we were recognized pioneers in the European leveraged finance markets. Over the years deep expertise and skills, combined with relentless focus on credit research, continued to strengthen the quality of our award-winning track-record. As a result our Assets under Management grew from EUR 0.64bn to EUR 10.3 bn.

Management's Review

In order to reduce the vulnerability to one particular track record and overall swings in the credit cycle we have developed new strategies to complement our standard High Yield offering. Today we deploy capital across four different strategies:

- High Yield
- Leveraged Loans
- Credit Opportunities
- Direct Lending

At group level we achieved strong investment performance in 1H2018 in our investment strategies and performed top quartile vs. our competitors and outperformed benchmarks. Driven by the competitive performance of recent years (and on ability to gain and retain clients), Assets under Management reached a record high of EUR 10.3 bn at the of 2018, despite a negative market development for High Yield.

We continuously look to strengthen our organization to weather future adverse environment. Asset Management is a very competitive industry and in order to be able to ensure positive long-term developments, we need to continuously develop our firm. During 2018 we continued to extend the talent base of our firm and increased the number of employees from 50 to 60 at group level. We will continue to add new professionals from leading universities and successful companies to strengthen our organization going forward.

Management and Directorships

For a specification of the individual Board of Directors members' Management and Directorships see note 17 in the Annual Report.

Uncertainty with regard to recognition and measurement

No uncertainty with regard to the recognition and measurement exists apart from what is mentioned under accounting policies, just as no exceptional circumstances affecting the recognition and measurement occurred during the financial year.

Risk Exposure and Management

As a financial institution Capital Four accepts risks of a market related, credit related and operational nature. Management of these risks is a significant activity in the company. Risks are controlled by the company having updated business procedures, including IT-technology and trading systems ensuring proper management of the company.

Net profit and Equity

Net result for the year shows a net profit of DKK 68,747 K compared to DKK 51,078 K in 2017. Net profit of the period is assessed to be satisfactory.

Distribution to owners for 2018 amounts to DKK 39,000 K.

After transfer of the net result for the period, the equity is DKK 46,367K as per 31 December 2018.

Subsequent event

No events have occurred after the balance sheet date which significantly affects the Company's financial position as of 31 December 2018.

Outlook for 2019

The management acknowledges a stable level of Assets under Management in 2018. Maintaining Assets in a negatively performing market is considered satisfactory. There is continuously a risk of High Yield markets to correct and Assets-flows might – as a result – revert. Such developments leave the firm vulnerable to declining revenues (and profit). The current high profit margins and the efforts of the firm to gather Assets under Management in less cyclical strategies will mitigate vulnerability of the firm to the credit cycle. The successful launch in April 2018 of "Strategic Credit Fund II", a multi year locked up private debt fund, is an example of the Company's ability to diversify its revenue base.

Knowledge resources

The Company's core business is management of assets in high yield credit strategies. This requires a high level of knowledge and competences in the organization. The employees are therefore characterized by being highly qualified and educated within the financial market.

Committed and motivated employees are crucial for the company's continued operation and development. It is vital for the company to retain and attract competent employees.

Numerous efforts are being made to attract and retain employees with a high level of experience and professional competence, and we have a strong focus on development of employee skills. This is the prerequisite for continued results and expansion of the business base.

Through various initiatives, the Group seeks to offer an attractive workplace for employees and honor employees with competitive remuneration consisting of a fixed salary and bonus scheme, which is determined, inter alia, from the results achieved.

Board of Directors, proposed dividend

The Board of Directors propose a dividend of DKK 39,000 K at the company's annual general meeting.

Income and comprehensive income statement

Notes	2018	2017
Amounts in DKK'000		
3 Administration fees	140,879	104,543
4 Staff costs and administrative expenses	-52,364	-38,722
Depreciation and impairment of property, plant and equipment	-12	-16
Profit before financials	88,503	65,805
5 Financial income	45	0
6 Financial expenses	-78	-126
7 Value adjustment	-158	-87
Profit before tax	88,312	65,592
8 Taxes	-19,565	-14,514
Profit for the year	68,747	51,078
Comprehensive income	0	0
Total Comprehensive income	68,747	51,078
Allocation of the result		
Proposed dividend	39,000	28,500
Paid, interim dividend	28,300	21,000
Accumulated result	1,447	1,578
Total allocation	68,747	51,078

Balance sheet at 31 December 2018

Assets		2018	2017
Notes	Amounts in DKK'000		
	Property, plant and equipment:		
9	Inventories and equipment	11	23
	Total property, plant and equipment	11	23
	Receivables:		
	Receivables from departments in managing departments	38,598	28,564
	Other receivables	7,726	6,453
	Deferred tax	223	0
	Prepayments	743	101
	Total receivables	47,290	35,118
10	Cash	11,349	12,965
	Total assets	58,650	48,106

Balance sheet at 31 December 2018

Liabilities & equity		2018	2017
Notes	Amounts in DKK'000		
<hr/>			
Equity:			
	Share capital	1,600	1,600
	Retained earnings	5,767	3,172
	Thereof proposed dividend	39,000	28,500
<hr/>			
11	Total equity	46,367	33,272
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Payables:			
	Payables from departments in managing departments	0	6,735
	Tax liabilities	1,142	1,536
	Other liabilities	11,141	6,563
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	Total payables	12,283	14,834
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	Total liabilities & equity	58,650	48,106
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Equity statement at 31 December 2018

Amounts in DKK'000	Share capital	Retained earnings	Proposed Dividend	Total
Equity at 01.01.17	1,600	1,247	19,200	22,047
Comprehensive income for the period	0	1,578	49,500	51,078
Change in equity, for the period:				
Distribution to owners	0	0	-40,200	-40,200
Issue of warrants and stock awards	0	347	0	347
Equity at 31.12.17	1,600	3,172	28,500	33,272
Equity at 01.01.18	1,600	3,172	28,500	33,272
Comprehensive income for the period	0	1,447	67,300	68,747
Change in equity, for the period:				
Distribution to owners	0	0	-56,800	-56,800
Issue of warrants and stock awards	0	1,148	0	1,148
Equity at 31.12.18	1,600	5,767	39,000	46,367

The parent company has issued 19,752 warrants which gives the right to subscribe for ordinary shares in the company at a given time after the 1st of April 2022.

In 2016, 2017 and 2018 the parent company has issued stock awards which gives the right to ordinary shares in the company at a given time 4 years after the grant date.

The exercise price for the issued warrants and stock awards are equal to fair market value of the shares of the company on commencement date calculated on the basis of the enterprise value.

Notes

1 Accounting policies

GENERAL

The annual report of Capital Four AIFM A/S for 2018 has been prepared in accordance with Alternative Investment Fund Managers etc. Act, the Danish FSA's Executive Order on general rules for financial statements and audit of Alternative Investment Fund Managers and the Danish FSA's Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

With effect from 1 January 2018, the Danish Financial Business Act has been amended to concern the classification and measurement of financial assets and liabilities, since the rules in IFRS 9 are incorporated in the Danish Financial Business Act. The changes have led to new criteria for when financial shares are to be measured at amortized cost, at fair value through the income statement or at fair value over other comprehensive income. The changes have also led to new criteria for impairment of loans and receivables at amortized cost, after which they are written down on the basis of expected credit losses against previously incurred credit losses.

In accordance with the transitional rules, no comparison figures for 2017 have been adjusted. The changes have not had any effect on the company's opening balance per January 1, 2018. Except from above the accounting policies have been applied consistently with last year.

The company has received the Danish Financial Supervisory Authority's approval to present the annual report in the English language only.

Recognition and measurement in general

In the income statement, income is recognised as earned, including value adjustments of financial assets and liabilities. In the income statement, all expenses, including depreciation and impairment losses, are recognised as well.

In the balance sheet, assets are recognised when the economic benefits are likely to be realised and when the asset value can be measured in a reliable manner. Liabilities are recognised when they are likely to be realised and when they can be measured in a reliable manner. On subsequent recognition, financial assets and liabilities are measured as described below for each specific entry.

For purposes of recognition and measurement, predictable losses and risks which occur before the interim report is presented are taken into consideration.

REPORTING CURRENCY

The Annual Report is presented in Danish kroner.

Foreign currency translation

Transactions in foreign currency are translated into Danish kroner using the exchange rate ruling on the date of the transaction. Receivables and liabilities in foreign currency are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement under net financials.

Intra-group business combinations

In connection with business combinations such as acquisition and disposal of equity investments, mergers, demergers, addition of assets and exchange of shares, etc., involving enterprises controlled by the parent company, the uniting-of-interests method is used. Differences between the agreed consideration and the carrying amount of the acquired enterprise are recognised in equity. Moreover, comparative figures for previous financial years are restated.

INCOME STATEMENT

Administration fees

Fees income includes income concerning discretionary capital management at the clients' expense, including administrative fees in particular.

Performance fees are recognized as income when the Company obtains definitive rights to the fee.

Value adjustments

Realised and unrealised capital gains and losses are recognised in the income statement, including any value adjustments of assets and liabilities measured at fair value.

Staff costs and administrative expenses

These include staff, management and administrative expenses, including expenses, related to office rental.

Share-based payment (warrants and stock awards) of employees is recognized as an expense in the income statement at the grant date. Similarly, recognition is made by a corresponding increase in other reserves in equity. The shares-based payment are measured at fair value at the grant date.

Depreciation

Depreciation of property, plant and equipment aims at systematic depreciation over the expected useful lives of the assets. The following depreciation period is applied by the company:

Inventories and equipment	3-5 years
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Tax

Tax for the year comprises current tax, joint taxation contribution and changes in deferred tax for the year. Tax relating to the profit/loss for the year is recognized in the income statement, and the tax relating to amounts directly recognized in equity is recognized directly in equity.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements and other fixtures, fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and impairment.

Impairment of assets

The carrying amount of non-current assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation/amortisation.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets. The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the disposal of the asset or group of assets after the expiry of their useful lives.

Other assets

Receivables and receivables related to fees for portfolio management are measured at amortized cost, which usually corresponds to the nominal value. The value is reduced by provisions for bad debts.

Cash

On initial recognition, receivables from credit institutions and central banks are recognised at their fair values and subsequently at amortised cost.

Equity and dividend

The proposed dividend for the financial year is recognized as a special item under equity.

Premiums for warrants and stock awards and the redemption of warrants and stock awards on the company's shares are recognized as a change in equity in other reserves.

Current and deferred taxes

Current tax payable and receivable is recognized in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for any tax paid on account.

Provisions for deferred tax are calculated 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. In cases where the tax base can be made according to different tax rules, deferred tax is measured on basis of management's planned use of the asset or settlement of the liability.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

Other liabilities

Other liabilities are measured at their net realisable values.

Expenses that are, not due until the subsequent reporting year are recognised under other liabilities.

Financial highlights

The financial highlights have been prepared in accordance with the Danish Financial Supervisory Authority's executive order on financial reports of credit institutions and stockbroker companies.

2 Five year summary (key figures and financial ratios)

Key Figures

	2018	2017	2016	2015	25.02.14 31.12.14
Amounts in DKK'000					
Administration fees	140,879	104,543	56,005	26,216	4,553
Staff costs and administrative expenses	52,364	38,722	22,760	15,348	2,660
Profit before financials	88,503	65,805	33,228	10,851	1,892
Profit before tax	88,312	65,592	33,146	10,811	1,892
Profit for the year	68,747	51,078	25,844	8,263	1,429
Amounts in DKK'000	31.12.18	31.12.17	31.12.16	31.12.15	31.12.14
Equity	46,367	33,272	22,047	5,077	3,503
Total assets	58,650	48,106	32,573	9,837	5,280
Own funds in relation to minimum capital requirement	7,91	5,13	3,06	2,58	1,87
Solvency ratio	153,1%	132,6%	114,2%	130,8%	132,4%
Return on equity before tax	221,8%	237,1%	244,4%	252,0%	54,0%
Return on equity after tax	172,6%	184,7%	190,6%	192,6%	40,8%
Number of funds under administration	6	7	5	3	2
Number of departments under administration	9	9	8	5	4
Assets under administration (amounts in DKK thousand)	14,177,047	10,131,571	6,452,944	4,265,578	2,394,888

Capital Four AIFM A/S

	2018 DKK '000	2017 DKK '000
3 Administration fees		
Capital Four Invest	91,109	62,844
Strategic Lending Fund	5,651	5,459
Mercer Investments Fund I	7,667	7,528
Nykredit - EMD High Income Credit	10,742	10,516
Northill Global Fund	21,991	15,452
Pension Danmark	3,719	2,744
Total	140,879	104,543
4 Staff costs and other administrative expenses		
Board of Directors	94	38
Board of Management, fixed salary	1,659	1,267
Board of Management, variable salary	0	0
Risktakers, fixed salary	636	485
Salaries and remuneration to the Board of Management, the Board of Directors and employees with influence on risk	2,389	1,790
Staff salaries	13,894	7,062
Staff pensions	969	490
Social security costs	99	0
Payroll tax	2,276	1,604
Total staff costs	19,626	10,946
Fee for custodians	24,827	22,965
Other administrative expenses	7,911	4,811
Total staff costs and administrative expenses	52,364	38,722

	2018 DKK '000	2017 DKK '000
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4 Staff costs and other administrative expenses - continued

Number of employees defined as risktakers:

Board of Directors	3	3
Board of Management	2	3
Risktakers	2	2
Total	7	8

Audit fee:

Fees for statutory audits of annual accounts	141	131
Fees for assurance engagements other than audit	26	51
Fees for tax advisory services	0	19
Fee for other services	0	6
Total Audit fee	167	207

Fee to the Board of Directors of Capital Four AIFM A/S are shown in note 17.

There are no pension commitments on the company because the company's pension plan is a defined contribution plan.

The company has no significant risk takers beyond the company's Board of Directors, Board of Management, Head of Risk Management and Head of Legal and Compliance. As the wages in respect to the Board of Directors, Board of Management, Head of Risk Management and Head of Legal and Compliance are specified above, it is chosen not to specify these again under significant risk takers.

Capital Four AIFM A/S has entered into a Management Agreement with Capital Four Management Fondsmæglerselskab A/S according to which Capital Four Management Fondsmæglerselskab A/S perform services to Capital Four AIFM A/S. Employees salaries are paid out by Capital Four Management Fondsmæglerselskab A/S and split between the two entities according to the Management Agreement. Consequently, the number of employees are disclosed in the Annual Account for Capital Four Management Fondsmæglerselskab A/S only.

Capital Four AIFM A/S

	2018 DKK '000	2017 DKK '000
5 Financial income		
Intercompany interests	45	0
Total	45	0
6 Financial expenses		
Interest from credit institutions and central banks	78	90
Other interest expenses	0	36
Total	78	126
7 Value adjustments		
Currency adjustments	-158	-87
Total	-158	-87
8 Taxes		
Calculated tax for the period	19,653	14,516
Deferred tax, adjustment for the year	-88	-2
Total taxes	19,565	14,514
Deferred tax assets, 01.01	0	0
Deferred tax, adjustment for the year	88	0
Deferred tax, adjustment prior year	135	0
Total deferred tax assets, 31.12	223	0
Tax reconciliation:		
Current tax rate	22,0%	22,0%
Non-deductible Items	0,2%	0,1%
Average effective rate of tax	22,2%	22,1%

Capital Four AIFM A/S

	2018 DKK '000	2017 DKK '000
9 Property, plant and equipment		
Equipment and fixtures:		
Costs as at 01.01	74	74
Costs as at 31.12	74	74
Depreciations and impairment losses as at 01.01	51	35
Depreciation during the year	12	16
Depreciations and impairment losses as at 31.12	63	51
Carrying amount as at 31.12	11	23

10 Cash

Receivables from credit institutions on demand	11,349	12,965
Cash, total	11,349	12,965

11 Equity

The company's share capital consists of A-shares, each of a nominal value of DKK 10.

The share capital consists of:

	Nominal value
Share class A	1,600,000

The parent company has issued 19,752 warrants which gives the right to subscribe for ordinary shares in the parent company at a given time after the 1st of April 2022.

In 2016 and 2017 the parent company has issued stock awards which gives the right to ordinary shares in the parent company at a given time 4 years after the grant date.

The exercise price for the issued warrants and stock awards are equal to the fair market value of the shares of the company on commencement date calculated on the basis of the enterprise value.

	2018 DKK'000	2017 DKK'000
12 Contingent and contractual liabilities		
Danish guarantee fund for depositors and investors	138	129
Total guaranties	138	129

The company is taxed with other group companies. The company is liable from 2014 with the other taxed companies for the total company tax.

The company is jointed registered with other group companies for VAT. The company is liable with other group companies for the total VAT.

13 Securities provided

The company has per 31 December 2018 not made any pledging or given any form of securities.

14 Related parties

The company has not completed transactions, granted loans, granted mortgages, provided guarantees, for The Board of Directors, The Board of Management or principal shareholder or with companies outside of the company in which the parties have an interest. Any transactions with related parties are based on market conditions.

Ownership:

The following shareholders are registered in the company's register of shareholders as holding more than 5% of the share capital:

- Capital Four Holding A/S, Per Henrik Lings Allé 2, 8th floor, 2100 Copenhagen Ø

Capital Four AIFM A/S is included in the consolidated financial statements of the parent company, Capital Four Holding A/S.

	2018 DKK'000	2017 DKK'000
15 Capital adequacy requirements		
Capital adequacy requirements according to section 16 of the Alternative Investment Fund Managers etc. Act		
Capital requirement	4,813	3,598
Own Funds		
Equity	46,367	33,272
Proposed dividend	-39,000	-28,500
Own Funds	7,367	4,772

16 Risk management

The most important operating risks of the company relates to:

- Loss of customers/assets under management. This risk is minimised through: Contractually fixed minimum maturity periods. Diversification of the customer base.
- Operational errors leading to losses. This risk is minimised through: Business procedures, including up-to-date IT technology and trading systems. Staff training.
- Loss of key staff in the investment area. This risk is minimised through: Contractually fixed non-competition clauses. Increase/diversification of the staff.
- Financial risks (credit and market risks). Deemed to be limited for the company and thus insignificant.

As a financial institution, Capital Four AIFM A/S assumes market, credit and operational risks. Risk management constitutes a significant activity in the company. The risks are managed according to guidelines on investments in securities as laid down by the Board of Directors. The risks are limited and primarily relate to investments in mortgage credit bonds.

17 Management and Directorships

Management and Directorships held by the Board of Directors in companies as member of the Board of Management or Board of Directors (Chief Executive Officer (CEO), Chairman (CM), Board member (BM)).

Sandro Näf, CEO (No Board of Directors remuneration has been paid in the company or in other group companies for 2018. Board of Management remuneration are specified in note 6)

- C4 Investor ApS (CEO)
- Capital Four Fondsmæglerselskab A/S (CEO)
- Capital Four Holding A/S (CEO and BM)

Torben Magaard Skødeberg, ED (No Board of Directors remuneration has been paid in the company or in other group companies for 2018. Board of Management remuneration are specified in note 6)

- C4 Acquisition ApS (CEO)
- Capital Four Fondsmæglerselskab A/S (ED)
- Capital Four Holding A/S (ED and BM)

Niels Roth, Chairman of the Board

	2018 DKK '000	2017 DKK '000
Directors remuneration, fixed	75	0
Directors remuneration, variable	0	0
Total	75	0

- Capital Four Fondsmæglerselskab A/S (CM)
- Zira Invest II ApS (director)
- Zira Invest III ApS (director)
- Fast Ejendom Danmark A/S (CM)
- Friheden Invest A/S (CM)
- SmallCap Danmark A/S (CM)
- Realdania (BM)
- Arvid Nilssons Fond (BM)
- A/S Sadolinparken (BM)
- Porteføljeselskabet A/S (CM)

Anne-Mette Beske Nielsen, former Chairman of the Board

	2018 DKK '000	2017 DKK '000
Directors remuneration, fixed	19	38
Directors remuneration, variable	0	0
Total	19	38

Harold Murphy, Board member (No Board of Directors and Board of Management remuneration has been paid in the company for 2018. The group company Northhill Marvel Luxembourg Holdings Sarl. has paid 20,000 EUR in board fee for 2018)

- *Capital Four Management Fondsmæglerselskab A/S (BM)*
- *Capital Four Holding A/S (BM)*
- *Harvest Financial Services Ltd (CM)*
- *CNP Europe Life DAC (BM)*

Jeremy Nevil Charles Bassil, Board member (No Board of Directors and Board of Management remuneration has been paid in the company or in other group companies for 2018)

- *Capital Four Management Fondsmæglerselskab A/S (BM)*
- *Capital Four Holding A/S (BM)*
- *Northhill Global Strategies SPC (BM)*
- *Northhill Global Fund Managers Limited (BM)*
- *Northhill Global Funds ICAV (BM)*
- *Longview Partners (UK) Limited (BM)*
- *Vantage Infrastructure Holdings Limited (UK) (BM)*
- *Vantage Infrastructure (UK) Limited (BM)*
- *Vantage Infrastructure (Asia) Pte. Limited (Singapore) (BM)*
- *Strategic Investment Management LLC (BM)*