

Capital Four Holding A/S

CVR-nr. 36 44 06 78

Annual Report 2016

This annual report has been adopted
at the company's annual general
meeting on, the 3 / 3 2017

Chairman of the meeting:

Lene B.S.

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Company details

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Hjemsted: København
CVR-nr.: 36 44 06 78

Board of Directors

Jonathan Michael Little, chairman
Darius John Berendji
Henrik Østergaard
Harley Murphy
Jeremy Nevil Charles Bassil
Sandro Näf
Torben Maggaard Skødeberg

Board of Management

Sandro Näf
Torben Maggaard Skødeberg
Henrik Østergaard

Subsidiaries

Capital Four Management Fondsmæglerselskab A/S
Capital Four AIFM A/S
Capital Four - Strategic Lending Fund GP ApS

Auditors

Ernst & Young Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
2000 Frederiksberg

Banks

Jyske Bank A/S

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 2016 for Capital Four Holding A/S.

The Annual Report has been prepared in accordance with the Danish Financial Business Act.

The financial statements gives at true and fair view of the Group's and the Company's assets, liabilities, equity and financial position at 31 December 2016 and of the results of operations for the financial year 1 January - 31 December 2016.

The Management's Review gives a fair review 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, 3rd of March 2017

Board of Management



Sandro Näf



Torben Magaard Skødeberg

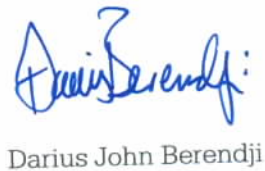


Henrik Østergaard

Board of Directors



Jonathan Michael Little
Chairman



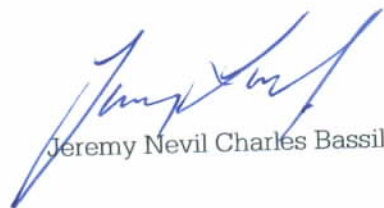
Darius John Berendji



Henrik Østergaard



Harley Murphy



Jeremy Nevil Charles Bassil



Sandro Näf



Torben Magaard Skødeberg

To the shareholders of Capital Four Holding A/S**Opinion**

We have audited the consolidated financial statements and the parent company financial statements of Capital Four Holding A/S for the financial year 1 January – 31 December 2016, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the group and the parent company. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Business 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 2016, and of the results of the Group's and parent company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Business 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" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Board of Management's responsibilities for the consolidated financial statements and the parent company financial statements

Board of 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 Business Act, and for such internal control as Board of Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Board of 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 consolidated financial statements and the parent company financial statements unless Board of Management either intends to liquidate the Group or the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

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

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

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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 Board of Management.

- ▶ Conclude on the appropriateness of Board of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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 Board of Management's review

Board of Management is responsible for the Board of Management's review.

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

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Board of Management's review and, in doing so, consider whether the Board of Management's review is materially inconsistent with the consolidated financial statements or the parent company 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 Board of Management's review provides the information required under the Danish Financial Business Act.

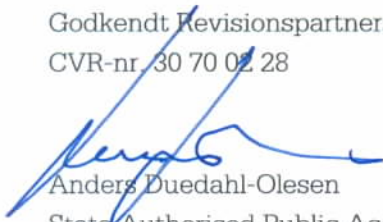
Based on the work we have performed, we conclude that the Board of Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify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

Copenhagen, 3rd of March 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR-nr. 30 70 02 28



Anders Duedahl-Olesen
State Authorised Public Accountant



Rasmus Berntsen
State Authorised Public Accountant

Company Background

The company was founded in 2014 by an exchange of shares from Capital Four Management Fondsmæglerselskab A/S as of 1st January. The company's principal activities are managing equity investment in wholly-owned subsidiaries, Capital Four Management Fondsmæglerselskab A/S and Capital Four AIFM A/S.

Capital Four (representing Capital Four Holding A/S, Capital Four Management Fondsmæglerselskab A/S and Capital Four Management AIFM A/S) was founded in 2007 on two strategic thrusts: (1) Attractive industry growth of European credit markets; (2) Need for 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.

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 644 mill to EUR 9.54bn. in 2016.

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 Capital Four has four investment strategies with industry leading track records:

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

We achieved excellent investment performance in 2016 in all of our strategies and outperformed both competitors and relevant benchmarks. Driven by the strong performance of recent years and strong demand for higher yielding fixed income strategies, Assets under Management grew by EUR 2.98 bn and reached a record high of EUR 9.54 bn at the end of 2016.

Despite the favorable asset management environment and our industry leading investment result, the challenges of future success are significant. 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 2016 we continued to extend the talent base of our firm and increased the number of employees from 29 to 35. We will continue to add new professionals from leading universities and successful companies to strengthen our organization going forward.

Management and Directorship

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 by 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 61,484 K compared to a Net profit of DKK 37,765 K in 2015. Net profit of the year is assessed to be satisfactory.

Distribution to owners for 2016: DKK 31,288 K

After transfer of the net result of the year, the equity is DKK 52,261 K as per 31 December 2016.

Subsequent events

No events have occurred after the balance sheet date which significantly affects the company's financial position as of 31 December 2016.

Outlook for 2017

The management acknowledges strong growth of Assets under Management in 2016, which had a positive impact on 2016 revenues. For 2017 it is expected that revenues will also be at a high level. There is 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.

Board of Directors, proposed dividend

Board of Directors propose a dividend of DKK 38,100 K at the company's annual general meeting.

Income Statement

Notes	Group		Parent		
	2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000	
3	Interest expenses	14	131	0	0
	Net interest income	-14	-131	0	0
4	Fees and commissions income	163,119	108,327	0	0
	Paid fees and commissions expenses	-12,723	-7,869	-1	-2
	Net interest and fee income	150,382	100,327	-1	-2
5	Value adjustments	-45	-64	0	0
6	Staff costs and administrative expenses	-70,486	-49,834	-350	-2,248
	Depreciation and impairment of property, plant and equipment	-891	-901	0	0
	Income from equity investments in subsidiaries	0	0	61,757	39,489
	Profit before tax	78,960	49,528	61,407	37,239
7	Taxes	-17,476	-11,763	77	526
	Profit for the year	61,484	37,765	61,484	37,765
	Comprehensive income	0	0	0	0
	Total Comprehensive income	61,484	37,765	61,484	37,765

Allocation of the result

Proposed dividend	38,100	10,372
Paid, interim dividend	20,916	26,300
Revaluation reserve according to the equity method	1,414	0
Accumulated result	1,054	1,093
Total allocation	61,484	37,765

Assets		Group		Parent	
		31.12.16 DKK '000	31.12.15 DKK '000	31.12.16 DKK '000	31.12.15 DKK '000
Notes					
	Cash and demand deposits with central banks	14	12	0	0
8	Receivables from credit institutions and central banks	36,475	13,402	350	361
9	Equity investments in subsidiaries	50	50	13,557	10,864
10	Other property, plant and equipment	2,085	2,873	0	0
7	Tax assets	0	218	294	529
	Other assets	35,107	17,819	38,200	10,372
	Prepayments	3,751	2,846	0	0
	Total assets	77,482	37,220	52,401	22,126
Liabilities & equity					
	Tax liabilities	2,289	0	0	0
	Other liabilities	22,865	15,461	140	463
	Total liabilities	25,154	15,461	140	463
	Provisions for deferred taxes	67	96	0	0
11	Share capital	684	600	684	600
	Retained earnings	13,477	10,691	12,063	10,691
	Revaluation reserve according to the equity method	0	0	1,414	0
	Proposed dividend	38,100	10,372	38,100	10,372
	Total equity	52,261	21,663	52,261	21,663
	Total liabilities & equity	77,482	37,220	52,401	22,126

12 Contingent and contractual liabilities

13 Security provided

14 Related parties

15 Capital adequacy requirements

16 Risk management

17 Management and Directorship

Statement of Changes in Equity and Comprehensive Income

Amounts in DKK thousand	Share capital	Retained earnings	Proposed dividend	Total
Group:				
Formation as of 01.01 15	600	9,457	6,800	16,857
Comprehensive income for the period	0	1,093	36,672	37,765
Change in equity, for the period:				
Distribution to owners	0	0	-33,100	-33,100
Issue of warrants	0	141	0	141
Equity at 31.12.15	600	10,691	10,372	21,663
Formation as of 01.01 16	600	10,691	10,372	21,663
Increase of capital	84	-84	0	0
Comprehensive income for the period	0	2,468	59,016	61,484
Change in equity, for the period:				
Distribution to owners	0	75	-31,288	-31,213
Issue of warrants and stock awards	0	327	0	327
Equity at 31.12.16	684	13,477	38,100	52,261

The company has issued 20,337 warrants in April 2015 which gives the right to subscribe for ordinary shares in the company at a given time after the 1st of April 2022.

In 2016 the 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 the fair market value of the shares of the company on commencement date calculated on the basis of the enterprise value.

Statement of Changes in Equity and Comprehensive Income

Amounts in DKK thousand	Share capital	Revaluation reserve according to the equity method	Retained earnings	Proposed dividend	Total
Parent:					
Formation as of 01.01.15	600	0	9,457	6,800	16,857
Comprehensive income for the period	0	0	1,093	36,672	37,765
Change in equity, for the period:					
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Issue of warrants	0	0	141	0	141
Equity at 31.12.15	600	0	10,691	10,372	21,663
Formation as of 01.01.16	600	0	10,691	10,372	21,663
Increase of capital	84	0	-84	0	0
Comprehensive income for the period	0	1,414	1,054	59,016	61,484
Change in equity, for the period:					
Distribution to owners	0	0	75	-31,288	-31,213
Issue of warrants and stock awards	0	0	327	0	327
Equity at 31.12.16	684	1,414	12,063	38,100	52,261

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1. Accounting Policies

GENERAL

The annual report is prepared in accordance with the Danish Financial Business Act, the Executive Order on Financial Reports for Credit Institutions and Investment Companies etc.

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.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the parent and any subsidiaries in which the parent, directly or indirectly, holds more than 50% of the voting rights or in which it has a controlling influence through agreements. Enterprises in which the group holds between 20% and 50% of the voting rights and in which it has a substantial, but not controlling influence, are considered associates.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements are prepared by combining the audited financial statements of the parent and its subsidiaries by aggregating uniform items. The consolidation eliminates intercompany income and expenditure, shareholdings, balances and dividends as well as unrealised intercompany gains and losses on inventories and non-current assets.

Newly acquired or newly founded enterprises are recognised in the consolidated financial statements as from the time of acquisition. Divested or discontinued enterprises are recognised in the consolidated income statement up until the time of divestment or discontinuation. Comparative figures are not restated for newly acquired, divested or discontinued enterprises.

Gains or losses on the divestment of subsidiaries and associates are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of divestment, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation.

New enterprises are recognised in accordance with the purchase method, according to which the identifiable assets and liabilities of the newly acquired enterprises are recognised at fair value at the time of acquisition. A provision is made to cover expenses incidental to decided and announced restructuring in the acquired enterprise in connection with the acquisition. The tax effect of any reassessments is recognised.

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.

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.

INCOME STATEMENT

Interest income and fee income

Interest income consists of interest and similar income and will be accrued over the specific periods to which they relate and they will be recognized in the income statement with the amounts related to the specific financial reporting period.

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.

Fee and commissions expenses

These includes the company's fees for banks, payments and other charges related to the company's fee income

Translation adjustments

Realised and unrealised capital gains and losses are recognized 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 share-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:

Fixtures and fittings, tools and equipment:	3-5 years
Leasehold improvements	5 years

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 recognised in the income statement, and the tax relating to amounts directly recognised in equity is recognised 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**Other 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.

Investments

Equity investments in subsidiaries are measured at cost less any impairment in the balance sheet of the parent.

Equity investments in subsidiaries are recognised in the balance sheet at the proportionate share of the investment in such enterprises adjusted for the remaining value of positive or negative goodwill and unrealised intercompany profits and losses.

The net profit or loss of the subsidiaries is recognised in the income statement as the proportionate share made up of the equity investments.

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.

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 at 22% 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.

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

Expenses that is not due until subsequent reporting year is 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

Amounts in DKK thousand	2016	2015	2014
Net interest and fee income	150,382	100,327	77,273
Value adjustments	-45	-64	-98
Staff costs and administrative expenses	-70,486	-49,834	-33,026
Profit for the year	61,484	37,765	33,033

Amounts in DKK thousand	31.12.16	31.12.15	31.12.14
Equity	52,261	21,663	16,857
Total assets	77,482	37,220	29,778

Amounts in DKK thousand	2016	2015	2014
Own funds in relation to minimum capital requirement	1,40	4,60	4,68
Solvency ratio	11,18%	36,8%	37,4%
Core capital ratio	11,18%	36,8%	37,4%
Return on equity before tax	213,6%	257,2%	259,8%
Return on equity after tax	166,3%	196,1%	195,9%
Income/cost ratio	2,11	1,98	2,31

	Group		Parent	
	2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000

3. Interest expenses

Interest credit institutions and central banks	14	0	0	0
Other interest expenses	0	131	0	0
Total	14	131	0	0

	Group		Parent	
	2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000

4. Fees and commissions income

Other fees and commissions income	163,119	108,327	0	0
Total	163,119	108,327	0	0

The Company has not distributed net interest and fee income on activity and geographical markets. It is estimated that there is not significant deviation between the activities and geographical areas, and therefore made no segment information.

	Group		Parent	
	2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000

5. Value adjustments

Currency adjustments	-45	-64	0	0
Total	-45	-64	0	0

	Group		Parent	
	2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000
6. Salaries and remuneration to the Board of Management, the Board of Directors and employees with influence on risk - continued				
Board of Directors	250	242	0	0
Board of Management, fixed salary	5,908	2,042	0	0
Board of Management, variable salary	0	0	0	0
Salary risktakers, fixed fee	2,297	0	0	0
Salaries and remuneration to the Board of Management, the Board of Directors and employees with influence on risk	8,455	2,284	0	0
Staff salaries	30,287	22,700	0	0
Staff pensions	2,013	2,161	0	0
Social security costs	246	691	0	0
Payroll tax	5,529	2,803	0	0
Total staff costs	46,530	30,639	0	0
Other administrative expenses	23,956	19,195	350	2,248
Total staff costs and administrative expenses	70,486	49,834	350	2,248
Average number of employees in the period	33	26	0	0
Number of employees defined as risktakers:				
Board of Directors	7	3	7	3
Board of Management	3	1	3	1
Risktakers	2	0	0	0
Total	12	4	10	4

	Group		Parent	
	2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000
6. Salaries and remuneration to the Board of Management, the Board of Directors and employees with influence on risk - continued				
Audit fee:				
Fees for statutory audits of annual accounts	300	310	25	60
Fees for assurance engagements other than audit	131	75	44	25
Fees for tax advisory services	53	0	0	0
Fee for other services	0	159	0	25
Total Audit fee	484	544	69	110

Fees to the Board of Directors of Capital Four Holding 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.

	Group		Parent	
	2016 DKK '000	2015 DKK '000	2016 DKK '000	2015 DKK '000
7. Taxes				
Calculated tax for the period	-17,506	-11,783	77	528
Deferred tax, adjustment for the year	30	24	0	0
Adjustment on tax in respect of previous years	0	-4	0	-2
Total taxes	17,476	-11,763	77	526

	Parent	
	2016 DKK '000	2015 DKK '000
The effective tax rate:		
Corporation tax rate in Denmark	22,0%	23,5%
Non-taxable income and non-deductible expenses	21,9%	-24,9%
Average effective rate of interest	-0,1%	-1,4%

	Group		Parent	
	31.12.16 DKK '000	31.12.15 DKK '000	31.12.16 DKK '000	31.12.15 DKK '000
8. Receivables from credit institutions and central banks				
Receivables from credit institutions on demand	36,475	13,402	350	361
Receivables from credit institutions and central banks, total	36,475	13,402	350	361

	Group		Parent	
	31.12.16 DKK '000	31.12.15 DKK '000	31.12.16 DKK '000	31.12.15 DKK '000
9. Equity investments in subsidiaries				
Costs as at 01.01.16	50	0	12,143	12,093
Additions during the year	0	50	0	50
Costs as at 31.12.16	50	50	12,143	12,143
Revaluations as at 01.01.16	0	0	-1,279	-1,987
Profit for the year	0	0	61,757	39,489
Equity movement	0	0	328	141
Dividend	0	0	-59,392	-38,922
Revaluations as at 31.12.16	0	0	1,414	-1,279
Carrying amount as at 31.12.16	50	50	13,557	10,864

Subsidiaries:

	Registered Office	Ownership interest
Capital Four Management Fondsmæglerselskab A/S	København	100,00%
Capital Four AIFM A/S	København	100,00%
Capital Four – Strategic Lending Fund GP ApS	København	100,00%

	Group		Parent	
	31.12.16 DKK '000	31.12.15 DKK '000	31.12.16 DKK '000	31.12.15 DKK '000
10. Other property, plant and equipment				
Cost as at 01.01.16	4,411	4,358	0	0
Additions during the year	103	53	0	0
Disposals during the period	0	0	0	0
Costs as at 31.12.16	4,514	4,411	0	0
Depreciations and impairment losses as at 01.01.16	1,538	637	0	0
Depreciations during the year	891	901	0	0
Depreciations and impairment losses as at 31.12.16	2,429	1,538	0	0
Carrying amount as at 31.12.16	2,085	2,873	0	0

11. Equity

The company's share capital is divided into A shares, each with a nominal value of DKK 1 and each giving one vote, and B shares, each with a nominal value of DKK 1 without any voting rights.

The share capital consists of:

	Nominal value
Share class A	600,000
Share class B	84,300

The company has issued 20,337 warrants in April 2015 which gives the right to subscribe for ordinary shares in the company at a given time after the 1st of April 2022.

In 2016 the 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 the fair market value of the shares of the company on commencement date calculated on the basis of the enterprise value.

	Group		Parent	
	31.12.16 DKK'000	31.12.15 DKK'000	31.12.16 DKK'000	31.12.15 DKK'000
12. Contingent and contractual liabilities				
Danish guarantee fund for depositors and investors	134	82	0	0
Total guaranties	134	82	0	0
Other commitments				
Rent commitments	3,337	5,528	0	0
Total other commitments	3,337	5,528	0	0

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 total known tax liability for the jointly taxed companies amounts to DKK thousands 2,289 at the balance sheet date.

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

13. Securities provided

The company has per 31st December 2016 not made any pawning or given any form of securities.

14. Related parties

The company has not completed transactions, granted loans, granted mortgage, provided guarantees, for Board of Directors, 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:

- C4 Investor ApS, Hovmarksvej 20, 2920 Charlottenlund
- C4 Acquisition ApS, Højdysevej 7, 4000 Roskilde
- C4 Alsønderup ApS, Gydlandsvej 3, 3400 Hillerød
- Northhill Marvel Luxembourg Holdings S.à.r.l., Luxembourg

	Group		Parent	
	31.12.16	31.12.15	31.12.16	31.12.15
	DKK '000	DKK '000	DKK '000	DKK '000

15. Capital adequacy requirements

Capital adequacy requirements according to section 170(3) of Danish Financial Business Act (§ 125(2)):

Total risk exposure	126,713	30,700	47,606	21,308
Solvency requirements, 8% of this	10,137	2,456	3,808	1,705

Own Funds

Equity	52,261	21,663	48,040	21,663
Proposed dividend	-38,100	-10,372	-34,000	-10,372
Own Funds	14,161	11,291	14,040	11,291

16. Risk management

Group

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 Holding 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), Executive Director (ED))

Jonathan Michael Little, Chairman of the Board (No Board of Directors and Board of Management remuneration has been paid in the company or in other group companies for 2016)

- Alpha Strategic Plc (CM)
- Goldbridge Capital Partners Holdings Ltd. (CM)
- Longview Partners (UK) Ltd. (CM)
- Northhill Capital Holdings Ltd. (BM)
- Northhill UK Management Holdings Ltd. (BM)
- Riverbridge Partners LLC (BM)

Darius John Berendji, Board member (No Board of Directors and Board of Management remuneration has been paid in the company or in other group companies for 2016)

- Acme Advisors Ltd. (BM)
- Alpha Winton Ltd. (BM)
- Alpha Strategic Plc (BM)
- Riverbridge Partners LLC (BM)

Harley Murphy, Board member (No Board of Directors and Board of Management remuneration has been paid in the company or in other group companies for 2016)

- Capital Four Management Fondsmæglerselskab A/S (BM)
- Capital Four AIFM A/S (BM)
- Harvest Financial Services Ltd (CM)
- CNP Europe Life Ltd. (BM)
- AChange Ltd. (CEO)

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 2016)

- Capital Four Management Fondsmæglerselskab A/S (BM)
- Capital Four AIFM A/S (BM)
- Northhill Global Strategies SPC (BM)
- Northhill Global Fund Managers Limited (BM)
- Ellis Munro Asset Management Pte. Limited (BM)
- Northhill Global Funds ICAV (BM)
- Northhill EM Holdings Limited (CEO)

Sandro Näf, Board member (No Board of Directors remuneration has been paid in the company or in other group companies for 2016. Board of Management remuneration are specified in note 6)

- C4 Investor ApS (CEO)
- Capital Four AIFM A/S (CEO)
- Capital Four Management Fondsmæglerselskab A/S (CEO)

Henrik Østergaard, Board member (No Board of Directors remuneration has been paid in the company or in other group companies for 2016. Board of Management remuneration are specified in note 6)

- C4 Alsønderup ApS (CEO)
- Capital Four AIFM A/S (ED)
- Capital Four Management Fondsmæglerselskab A/S (ED)
- K/S Sundbyberg, Stockholm (BM)

Torben Maggaard Skødeberg, Board member (No Board of Directors remuneration has been paid in the company or in other group companies for 2016. Board of Management remuneration are specified in note 6)

- C4 Acquisition ApS (CEO)
- Capital Four AIFM A/S (ED)
- Capital Four Management Fondsmæglerselskab A/S (ED)