
Bellakvarter Projektselskab A/S

c/o BC Hospitality Group A/S, Center Boulevard 5,
DK-2300 København S

Annual Report for 1 July 2015 - 31 December 2016

CVR No 36 95 02 77

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
31/05 2017

Mette Kapsch
Chairman



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	5
Management's Review	6
Financial Statements	
Income Statement 1 July - 31 December	8
Balance Sheet 31 December	9
Statement of Changes in Equity	11
Notes to the Financial Statements	12
Notes, Accounting Policies	14

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Bellakvarter Projektselskab A/S for the financial year 1 July 2015 - 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for 2015/16.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 31 May 2017

Executive Board

Søren Raae Teisen
Executive Officer

Ole Steen Pedersen
Executive Officer

Board of Directors

Oscar Claudius Crohn
Chairman

Mette Kapsch

Johan Ewald Lorentzen

Independent Auditor's Report

To the Shareholder of Bellakvarter Projektselskab A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 July 2015 - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Bellakvarter Projektselskab A/S for the financial year 1 July 2015 - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, in our view, 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 in Management's Review.

Management's responsibilities for the Financial Statements

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

Independent Auditor's Report

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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 disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

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.

Hellerup, 31 May 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Torben Jensen
State Authorised Public Account

Claus Carlsson
State Authorised Public Account

Company Information

The Company

Bellakvarter Projektselskab A/S
c/o BC Hospitality Group A/S
Center Boulevard 5
DK-2300 København S

CVR No: 36 95 02 77

Financial period: 1 January - 31 December

Financial year: 1st financial year

Municipality of reg. office: Copenhagen

Board of Directors

Oscar Claudius Crohn, Chairman
Mette Kapsch
Johan Ewald Lorentzen

Executive Board

Søren Raae Teisen
Ole Steen Pedersen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Financial Statements of Bellakvarter Projektselskab A/S for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and the Accounting Standard on small enterprises.

Main activity

Bellakvarter is a new attractive urban district of Copenhagen.

In cooperation with Copenhagen Municipality, the parent company of Bellakvarter Projektselskab A/S (the "Company") Bellakvarter A/S has developed a masterplan for approximately 200,000 square meter land area on which more than 300,000 square metres of new residential and commercial property can be constructed.

The construction projects are carried out by the Company on behalf of Bellakvarter A/S in close cooperation with Solstra Development ApS, COBE, Wilhelm Lauritzen Architects and other carefully selected business partners.

The Company also have the option to purchase the final constructed properties from Bellakvarter A/S and re-sale these to 3rd party.

The parties have entered into an agreement that provides the Company a fixed income margin based on net re-sale price for the constructed properties. All construction costs and related operational cost during construction period are re-invoiced to Bellakvarter A/S at a monthly basic.

Cash flow not financed by prepayments and deposits and working capital are provided by Bellakvarter A/S.

Results for the year

First financial period are 1 July 2015 – 31 December 2016.

Profit before tax for the first 18 month financial period amounts to DKK 660 thousands.

Total revenue from sale of properties and re-invoiced construction costs amounts to DKK 322.5 million for the 18 month period. Sale of private residential properties – first deliveries occurred December 2016 - are at DKK 35.5 million.

Company profit after tax are at DKK 515 thousands. Tax of continued operations are at DKK 145 thousands.

Balance Sheet

Equity after transfer of profit after tax amounts to DKK 1,015 thousands. Received customer deposits are DKK 114.3 million.

Management's Review

Outlook

By the end of year 2017 approximately 750 private homes or 41% of the targeted 1,800 homes included in the masterplan are under construction. Hereoff 127 homes are build as terraced houses. In December 2016 the first Bellakvarter citizens mowed into 12 terraced houses. It is expected that already in May 2017 more than 100 private homes have been moved into.

Subsequent events

Sale of contractual work of subsidised housing under construction are beginning of 2017 denounced from Bellakvarter A/S to the Company, effectively July 2016. No other events which could materially affect the assessment of the financial position of the Company have occurred after year end.

Income Statement 1 July - 31 December

	<u>Note</u>	<u>2015/16</u> TDKK
Gross profit/loss		677
Financial expenses		<u>-17</u>
Profit/loss before tax		660
Tax on profit/loss for the year	1	<u>-145</u>
Net profit/loss for the year		<u>515</u>

Distribution of profit

Proposed distribution of profit

Retained earnings	<u>515</u>
	<u>515</u>

Balance Sheet 31 December

Assets

	Note	2016 TDKK
Deferred tax asset		9
Non-current assets		9
Fixed assets		9
Trade receivables		873
Receivables		873
Cash at bank and in hand		115.452
Currents assets		116.325
Assets		116.334

Balance Sheet 31 December

Liabilities and equity

	Note	2016 TDKK
Share capital		500
Retained earnings		515
Equity	2	1.015
Other provisions		695
Provisions		695
Trade payables		38.883
Payables to group enterprises		3.263
Deposits		71.406
Other payables		1.072
Short-term debt		114.624
Debt		114.624
Liabilities and equity		116.334
Contingent assets, liabilities and other financial obligations	3	
Related parties	4	

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Paid in equity by cash at 1 July	500	0	500
Net profit/loss for the year	0	515	515
Equity at 31 December	500	515	1.015

Notes to the Financial Statements

	2015/16
	TDKK
1 Tax on profit/loss for the year	
Current tax for the year	154
Deferred tax for the year	-9
	145

2 Equity

The share capital consists of 500,000 shares of a nominal value of DKK 1. No shares carry any special rights.

3 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Solstra Investments A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

4 Related parties

The Company is included in the Consolidated Financial Statements of Bellakvarter A/S.

Name	Place of registered office
Bellakvarter A/S	Copenhagen

The Consolidated Financial Statements of Bellakvarter A/S may be obtained at the following address:

Bellakvarter A/S
Center Boulevard 5
2300 København S

The company is included in the Consolidated Financial Statements of the intermediate parent company Solstra Investments A/S, which may be obtained at the following address:

Solstra Investments A/S
c/o Solstra Capital Parternes
Lautrupgade 7, 3. tv.
DK-2100 København Ø

The Company is included in the Consolidated Financial Statements of the ultimate parent company Solstra Holdings Cyprus Ltd. As a result of legislation in Cyprys the Consolidated Financial Statements are not published.

Notes, Accounting Policies

Basis of Preparation

The Annual Report of Bellakvarter Projektselskab A/S for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Financial Statements for 2015/16 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes, Accounting Policies

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Other provisions include warranty obligations in respect of repair work within the warranty period. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes, Accounting Policies

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Trade payables and deposits

Debts are measured at amortised cost, substantially corresponding to nominal value.