P+W Denmark ApS

c/o Lundgrens Advokatpartnerselskab

Tuborg Boulevard 12, 2900 Hellerup

CVR no. 39 26 15 02

Annual report 2018

Approved at the Company's annual general meeting on 4 July 2019

Chairman:

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Philip Leonard Harrison

Building a better working world

Contents

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of P+W Denmark ApS for the financial year 1 January – 31 December 2018.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of their operations and consolidated cash flows for the financial year 1 January – 31 December 2018.

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

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

Chicago, 4 July 2019
Executive Board:

Philip Leonard Harrison

Independent auditor's report

To the shareholders of P+W Denmark ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of P+W Denmark ApS for the financial year 1 January – 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December2018 and of the results of the Group's and the Parent Company's operations as well as consolidated cash flows for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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 consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

Independent auditor's report

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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Independent auditor's report

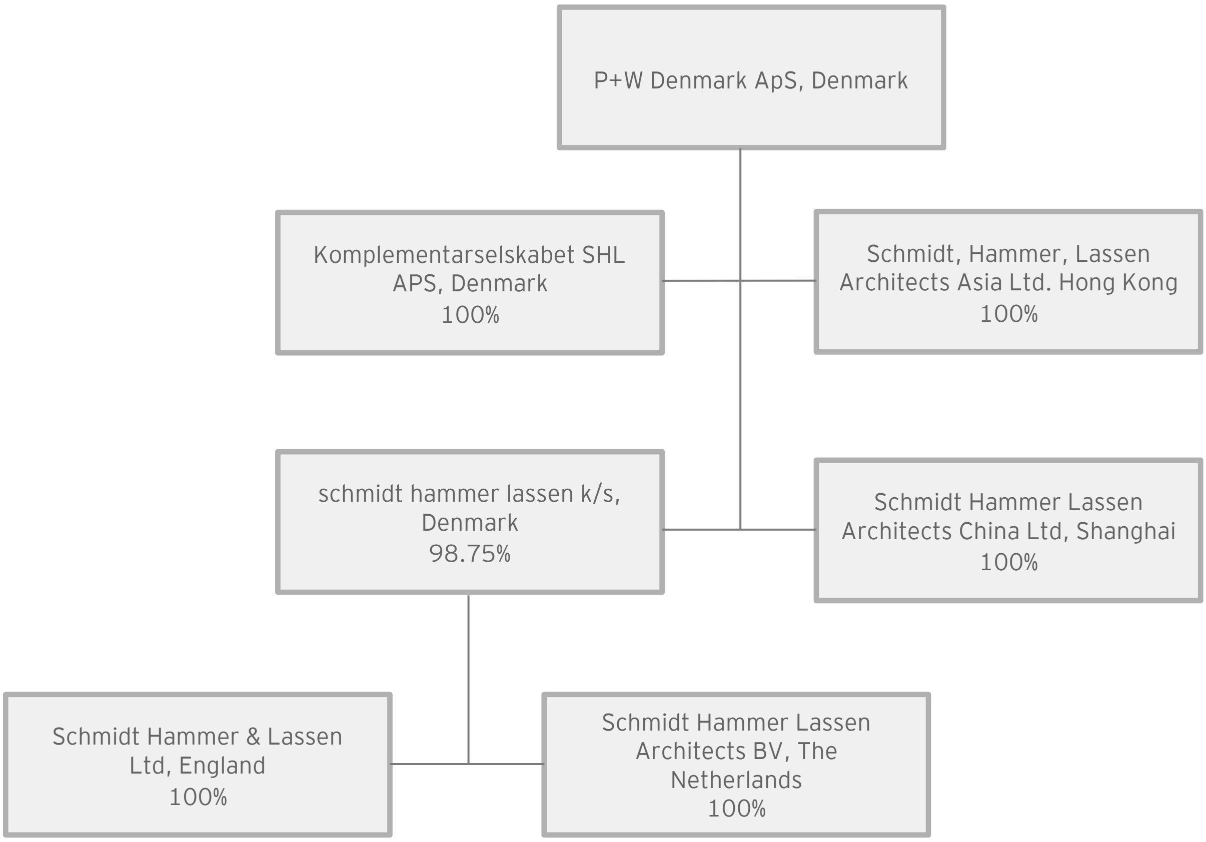
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 3 July 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Tom B. Lassen
State Authorised
Public Accountant
mne24820

Management's review

Group chart



Management's review

Company details

Name	P+W Denmark ApS
Adress, postal code, City	c/o Lundgrens Advokatpartnerselskab, Tuborg Boulevard 12, 2900, Hellerup
CVR no.	39 26 15 02
Established	19 January 2018
Registered office	Gentofte
Financial year	1 January- 31 December
Board of Directors	Philip Leonard Harrison
Auditors	Ernst & Young Godkendt Revisionspartnerselskab, Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Financial highlights for the Group

DKKt	2018
Key figures	
Revenue	203,866
Gross profit/loss	37,725
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	13,883
Profit/loss from net financials	911
Profit/loss for the year	-323
Total assets	226,277
Investments in property, plant and equipment	4,965
Equity	105,463
Financial ratios	
Gross margin	19%
Current ratio	97%
Equity ratio	47%
Average number of full-time employees	**180**

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines.

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

Gross margin $$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$$

Current ratio $$\frac{\text{Current assets x 100}}{\text{current liabilities}}$$

Equity ratio $$\frac{\text{Equity ex. non-controlling interest at year end x 100}}{\text{Total equity and liabilities at year end}}$$

Management's review

Principal activities

P+W Denmark Aps is a holding company and was established in January 2018 along with the global architecture firm Perkins+Will's decision about investing in a strategic partnership with SHL K/S.

SHL K/S is an architecture firm providing services within architecture and interior design with operations both in Denmark and internationally and with primary markets in Scandinavia, Europe, Asia and North America.

The consolidated financial statements of P+W Denmark Aps comprise entities in Denmark, Great Britain, the Netherlands, Hong Kong and Shanghai.

The Group's international project portfolio accounts for a significant part of total revenue.

Financial review

In 2018, the Group realized revenue and profit for the year that are considered satisfactory as the expected growth was achieved within the selected market segments during 2018.

Outlook

We expect that the partnership with Perkins+Will combined with continued focused market efforts will entail a significant development of the Group and that we will experience significant growth in the project portfolio, both nationally and internationally.

It is the Company's ambition and strategic objective that both revenue and profit should be increased significantly over the coming years.

Special risks

The Company's revenue from international projects is relatively high. The need for currency hedging will be specifically assessed for each project, and forward exchange contracts will be made if necessary to cover any risks.

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

Income statement

Note	DKK	Group 2018	Parent 2018
	Revenue	203,865,919	0
	Reinvoiced outlays	-16,196,091	0
	Other operating income	264,800	0
	Direct costs	-106,779,865	0
	Other external expenses	-43,429,845	-150,000
	Gross profit/loss	37,724,918	-150,000
3	Staff costs	-23,841,674	0
4	Amortisation/depreciation of intangible assets and property	-14,478,786	0
	Profit/loss before net financials	-595,542	-150,000
	Shares of profit/loss after tax in subsidiaries	0	59,360
5	Financial income	1,235,835	0
6	Financial expenses	-324,599	0
	Profit/loss from continuing operations before tax	315,694	-90,640
7	Tax on continuing operations	-638,511	-377,200
	Profit/loss for the year	-322,817	-467,840

Breakdown of the consolidated profit/loss:	
Shareholders in P+W Denmark ApS	-467,840
Non-controlling interests	145,023
	-322,817

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

Balance sheet

Note	DKK	Group 2018	Parent 2018
	ASSETS		
	Non-current assets		
8	**Intangible assets**		
	Software	207,520	0
	Goodwill	101,743,627	0
		101,951,147	0
9	**Property, plant and equipment**		
	Fixtures and fittings, tools and equipment	2,887,098	0
	Leasehold improvements	2,077,948	0
		4,965,046	0
10	**Investments**		
	Equity investments in subsidiaries	0	150,182,710
	Other securities and investments	2,251,398	0
	Deposit	1,710,377	0
		3,961,775	150,182,710
	Total non-current liabilities	110,877,968	150,182,710
	Receivables		
	Trade receivables	42,817,187	0
11	Work in progress for third parties	51,854,357	0
	Receivables from group entities	1,340,136	4,000,000
	Other receivables	1,792,088	0
	Prepayments	854,326	0
		98,658,094	4,000,000
	Cash	16,741,318	00
	Total current assets	115,399,412	4,000,000
	TOTAL ASSETS	226,277,380	154,182,710

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

Balance sheet

Note	DKK	Group 2018	Parent 2018
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	78,630	78,630
	Retained earnings	104,861,033	104,861,033
	P+W Denmark ApS' shareholders' share of equity	104,939,663	104,939,663
	Non-controlling interests	523,648	0
	Total equity	105,463,311	104,939,663
	Non-current liabilities		
13	Deferred tax	664,896	377,200
	Lease liabilities	825,850	0
	Total non-current liabilities	1,490,746	377,200
	Current liabilities		
	Current portion of long-term liabilities	572,141	0
	Credit institutions	99,613	0
11	Work in progress for third parties	36,927,033	0
	Trade payables	10,687,839	150,021
	Payables to group entities	51,695,370	48,715,826
14	Corporation tax	860,249	0
	Other payables	18,481,078	0
	Total current liabilities	119,323,323	48,865,847
	Total liabilities	120,814,069	49,243,047
	TOTAL EQUITY AND LIABILITIES	226,277,380	154,182,710

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

Statement of changes in equity

	Group				
DKK	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
Cash payments concerning formation of enterprise	50,000	0	50,000	0	50,000
Transferred; see distribution of profit/loss	0	-467,840	-467,840	145,002	-322,838
Foreign exchange adjustments, foreign subsidiary	0	-108,332	-108,332	0	-108,332
Adjustment of non-controlling interests	0	0	0	378,646	378,646
Capital increase	28,630	105,437,205	105,465,835	0	105,465,835
Equity at 31 December 2018	78,630	104,861,033	104,939,663	523,648	105,463,311

Statement of changes in equity

		Parent		
Note	DKK	Share capital	Retained earnings	Total
	Cash payments concerning formation of enterprise	50,000,00	0	50,000
17	Transferred; see distribution of profit/loss	0	-467,840	-467,840
	Foreign exchange adjustments, foreign subsidiary	0	-108,332	-108,332
	Capital increase	28,630	105,437,205	105,465,835
	Equity at 31 December 2018	78,630	104,861,033	104,939,663

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

Cash flow statement

Note	DKK	Group 2018
	Profit/loss before net financials	-595,542
4	Depreciation and amortisation	14,478,786
	Exchange adjustment of the year's amortisation/depreciation at the year-end rate	-15,891
	Cash generated from operations before changes in working capital	13,867,353
	Changes in working capital	7,406,386
	Cash generated from operations	21,273,739
5	Interest received	1,235,835
6	Interest paid	-324,599
14	Corporation tax paid	-351,336
	Cash flows from operating activities	21,833,639
	Additions and disposals of property, plant and equipment	-1,926,296
10	Acquisition of subsidiaries and activities	-150,231,661
	Adjustments	100,060
	Cash flows from investing activities	-152,057,897
	Loan financing:	
	Repayment of non-current liabilities	-4,000,000
	Capital increase	105,465,835
	Repayment of lease liabilities	-737,032
	Payment of deposits	-654,065
	Loan from group	51,704,234
	Cash flows from financing activities	151,778,972
	Cash flows for the year	21,554,714
	Liquid funds acquired from subsidiary	-4,913,009
	Cash and cash equivalents, year end	16,641,705

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

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

Notes

1. **Accounting policies**

The annual report of P+W Denmark ApS for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company P+W Denmark ApS and subsidiaries controlled by P+W Denmark ApS.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing whether the Parent Company controls an entity, de facto control is also taken into consideration.

The existence of potential voting rights that may currently be exercised or converted into additional voting rights is considered when assessing whether an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Preparation of consolidated financial statements

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

The subsidiaries' financial statement items are included 100% in the consolidated financial statements. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries that are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are presented separately.

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

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

The Group's activities in joint operations are recognised in the consolidated financial statements on a line-by-line basis.

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

Notes

1. Accounting policies (continued)

Business combinations

Newly acquired entities are recognised in the consolidated financial statements from the acquisition date. Entities sold or otherwise disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The acquisition date is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identified assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill in intangible assets. Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the Group's presentation currency are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The purchase consideration for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the purchase consideration is contingent on future events or compliance with agreed terms, such part of the purchase consideration is recognised at fair value at the acquisition date. Subsequent adjustments of contingent purchase considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

If uncertainties regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase consideration exist at the acquisition date, initial recognition will take place on the basis of provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Subsequently, any adjustments are recognised as errors.

Gains or losses from divestment or winding-up of subsidiaries that implies that control is no longer maintained are calculated as the difference between, on the one hand, the selling price less selling costs and, on the other hand, the proportionate share of the carrying amount of net assets. If the Parent Company still holds equity investments in the divested entity, the remaining proportionate share of the carrying amount forms the basis for the measurement of equity investments in associates or securities and equity investments.

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

Notes

1. Accounting policies (continued)

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' equity interest.

Goodwill relating to the non-controlling interests' share of the acquiree is thus recognised.

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions of assets and share conversions, etc., in which entities controlled by the Parent Company are involved, provided that the combination is considered completed at the acquisition date without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

Foreign currency translation

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

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

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign entities at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with foreign subsidiaries that are considered part of the total investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

On recognition of foreign subsidiaries that are integral entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

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

Notes

1. **Accounting policies (continued)**

Income statement

Revenue

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

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Reinvoiced outlays

Reinvoiced outlays include costs for subsuppliers regarding contract work in progress.

Direct cost

Direct project costs include salaries and fees for architects, construction designers and draughtsmen as well as direct costs, e.g. insurance and travelling expenses, etc.

Other external expenses

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

Staff costs

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

Amortisation/depreciation

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

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

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

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

Notes

1. **Accounting policies (continued)**

Profit/loss from equity investments in subsidiaries and associates

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries and associates are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries. Only proportionate elimination of intra-group gains/losses is made for equity investments in associates.

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the Parent Company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in both the consolidated and the parent company income statement after elimination of the proportionate share of intra-group profits/gains.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

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

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

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

Intangible assets

Software

Software, which is recognised in the balance sheet, is measured at the lower of cost less accumulated amortisation and recoverable amount.

Cost compromises the purchase price and any costs directly attributable to acquisitions until the date when the asset is available for use.

Software is amortised over 1-3 years

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

Notes

1. Accounting policies (continued)

Goodwill

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is typically 10 years. The amortisation period is fixed on the basis of the expected repayment horizon and is longest for strategically acquired entities with strong market positions and long-term earnings profiles.

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset.

Individual components of property, plant and equipment that have different useful lives are accounted for as separate items, which are depreciated separately.

Equity investments in subsidiaries and associates in the parent company financial statements

Equity investments in subsidiaries and associates are measured according to the equity method in the parent company financial statements. The Parent Company has chosen to consider the equity method a measurement method.

On initial recognition, equity investments in subsidiaries and associates are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding the consolidated financial statements above.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies in the consolidated financial statements. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries and associates measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Other securities and investments

Unlisted securities and investments are measured at fair value. Fair value is based on the net asset value of the investments at the balance sheet date.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and equity investments in subsidiaries and associates is tested annually for indication of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is indication of impairment. Write-down is made to the lower of the carrying amount and the recoverable amount.

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

Notes

1. Accounting policies (continued)

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

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

Receivables

Receivables are measured at amortised cost.

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

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

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

Work in progress for third parties

Work in progress for third parties are measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the total expected income from the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

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

Securities and investments

Securities and investments consisting in listed shares and bonds are measured at fair value (market price) at the balance sheet date.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

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

Notes

1 **Accounting policies (continued)**

Equity

Net revaluation reserve according to the equity method

Net revaluation of equity investments in subsidiaries and associates is recognised at cost in the net revaluation reserve according to the equity method.

The reserve can be eliminated in case of losses, realisation of equity investments or changes in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on taxable income in previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as corporation tax receivable or corporation tax payable.

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

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Liabilities are measured at net realisable value.

Lease Liabilities

Lease liabilities are measures at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

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Notes

1. **Accounting policies (continued)**

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less that are subject to only minor risks of changes in value.

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2. Special items

I 2018, the subsidiary schmidt hammer lassen architects recieved a group contribution from Perkins+Will Inc. of DKK 2,387 thousand in connection with costs related to the change of ownership and restructuring.

The contribution is recognised in the income statement.

	Group	Parent
	2018	2018
3. Staff costs		
Wages and salaries	94,947,110	0
Pensions	6,650,286	0
Other social security costs	1,174,522	0
Staff costs transferred to direct costs	-78,930,244	0
	23,841,674	0
Average number of full-time employees	180	0
4. Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	12,363,355	0
Depreciation of property, plant and equipment	2,115,431	0
	14,478,786	0
5. Financial income		
Interest income, etc.	351,679	0
Value of adjustments	884,156	0
	1,235,835	0
6. Financial expenses		
Interest expenses, etc.	323,083	0
Value adjustments	1,516	0
	324,599	0
7. Tax for the year		
Current tax for the year	1,211,585	0
Deferred tax adjustment for the year	-573,074	377,200
	638,511	377,200

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8. Intangible assets

DKK	Group Software	 Goodwill	 Total
Additions	1,266,030	113,048,474	114,314,504
Cost at 31 December 2018	1,266,030	113,048,474	114,314,504
Amortisation and impairment losses at 1 January 2018	0	0	0
Amortisation	1,058,510	11,304,847	12,363,357
Amortisation and impairment losses at 31 December 2018	1,058,510	11,304,847	12,363,357
Carrying amount at 31 December 2018	207,520	101,743,627	101,951,147
Amortised over	1-3 years	1-3 years	

Rationale for choice of goodwill amortisation periods

schmidt hammer lassen K/S

The Company's investment in the subsidiary is considered to be strategically important to the Group. Taking into consideration the Group's expected plans to increase the level of activity and earnings, the economic life of goodwill has been set at 10 years.

9. Property, plant and equipment

DKK	Group Fixtures and fittings, tools and equipment	 Leasehold improvements	 Total
Additions	5,002,645	2,635,162	7,637,807
Disposals	- 192,331	0	-192,331
Cost at 31 December 2018	4,810,314	2,635,162	7,445,476
Depreciation	1,923,216	557,214	2,480,430
Depreciation and impairment losses at 31 December 2018	1,923,216	557,214	2,480,430
Carrying amount at 31 December 2018	2,887,098	2,077,948	4,965,046
Depreciated over	1-5 years	1-5 years	

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10. Investments, Parent

DKK	Parent 2018
Additions	150,231,661
Cost at 31 December	150,231,661
Foreign exchange adjustment	-108,311
Profit/loss for the year	11,364,207
Amortisation of goodwill	-11,304,847
Value adjustments at 31 December	-48,951
Carrying amount at 31 December	150,182,710

Differences on initial recognition of the subsidiary schmidt hammer lassen K/S total DKK 101,825 thousand, represent goodwill.

Name and registered office	Domicilie	Interest	Equity	Profit/loss
Schmidt hammer lassen K/S, Denmark	Denmark	98.75%	41,891,838	11,601,872
Komplementarselskabet SHL ApS, Denmark	Denmark	100%	81,641	-1,854
Schmidt, Hammer Lassen Architects Asia Ltd.	Hong Kong	100%	-1,274,436	-1,914
Schmidt Hammer Lassen Architects China Ltd	Shanghai	100%	8,263,688	-88,873
Schmidt Hammer & Lassen Ltd.	England	100%	-1624998	-48,336
Schmidt Hammer Lassen Architects BV	The Nederlands	100%	-40	44,398

All subsidiaries are considered separate entities.

Investments, Group

DKK	Group: Other securities and investments	Deposit	Total
Additions	1,900,090	1,710,377	3,610,467
Cost at 31 December 2018	1,900,090	1,710,377	3,610,467
Revaluations for the year	351,308	0	351,308
Amortisation and impairment losses at 31 December 2018	351,308	0	351,308
Carrying amount at 31 December 2018	2,251,398	1,710,377	3,961,775

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11. Work in progress for third parties

DKK	Group 2018
Selling price of work performed	663,440,545
Progress billings	-648,513,220
	14,927,325

recognised as follows:

Construction contracts (assets)	51,854,357
Construction contracts (liabilities)	-36,927,033
	14,927,324

DKK	Group 2018	Parent 2018
12. Share capital		
73,630 share of DKK 1 nominal value each		78,630
13. Deferred tax		
Deferred tax adjustment for the year	-573,074	2,267,200
Acquisition of subsidiary	1,237,970	0
Deferred tax at 31 December	664,896	2,267,200

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14. Corporation tax payable

DKK	Group 2018
Current tax charge for the year, including jointly taxed subsidiaries	1,211,585
Corporation tax paid in the year	-351,336
Corporation tax payable at 31 December	860,249

15. Contractual obligations and contingencies, etc.

Contingent liabilities

Group

A chattel mortgage registered to the mortgager of DKK 10,000 thousand has been provided as collateral for bank debt secured upon fixtures and fittings, operating equipment and goodwill. A charge has been provided as collateral for bank debt secured upon unsecured claims of DKK 13,000 thousand.

The Group has total tenancy commitments comprising 7 leases of DKK 22,372 thousand. The period of notice varies from 1 to 50 months.

The Group has concluded a lease with a term of 23 months. The lease liability totals DKK 886 thousand in the period of notice.

The Group is a party to cases typical for the construction business. The Group tries to address these risks by means of insurance. If the Company should be held financially responsible, a provision will be made in this respect.

The Parent Company is jointly taxed with the Danish subsidiary. As administration company, the Company has unlimited joint and several liability, together with the subsidiary, for payment of Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc., may entail that the entities' liability will increase. The Group as a whole is not liable to any third parties.

The Group's Danish entities are jointly and severally liable for joint VAT registration.

Warrenties

The Group's bank has, in the name of the Group, provided guarantees for the lessors of premises totalling DKK 371 thousand at 31 December 2018.

Moreover, the Group has provided performance bonds regarding work in progress in the amount of DKK 2,200 thousand, while the Group's subsuppliers have provided performance bonds in the name of the Group totalling DKK 1,364 thousand.

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Notes

16. Related parties

P+W Denmark ApS' related parties comprise the following:

Control

Perkins + Will Inc., 410 North Michigan Avenue, Suite 1600, Chicago, IL 60611, USA
Perkins + Will Inc. holds the majority of the share capital in the Company.

Related party transactions

DKK	2018
Group	
Management fee/IT allocations (expense)	15,214,723
Contribution from Group (income)	2,386,940

The Group's transactions with related parties primarily relate to current balances, management fees and contributions from the Group. Except for the transactions above, all transactions have been made according to the arm's length principle.

17. Appropriation of profit/loss

	Parent
DKK	2018
Retained earnings	-467,840