

Hapimag Danmark A/S

c/o Advokatfirmaet Bang/Brorsen & Fogtdal,
Torvet 9
4800 Nykøbing F

CVR no. 13 86 38 49

Annual report for the period 1 January – 31 December 2016

The annual report was presented and approved at the
Company's annual general meeting on

31 May 2017


chairman

Hapimag Danmark A/S
Annual report 2016
CVR no. 13 86 38 49

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Hapimag Danmark A/S for the financial year 1 January – 31 December 2016.

The annual report, which has not been audited, is presented in accordance with the Danish Financial Statements Act. The Board of Directors considers the requirements for omitting an audit to have been met.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Guldborgsund, 31 May 2017
Executive Board:



Oriano Schubiger

Board of Directors:



Elisabeth Nymann
Eriksen
Chairman



Saverio Carlo Alfredo
Alberti



Oriano Schubiger

The general meeting has decided that the financial statements for the coming year will not be audited.



Auditors' report on the compilation of financial statements

To the Management in Hapimag Danmark A/S

We have compiled the financial statements of Hapimag Danmark A/S for the financial year 1 January – 31 December 2016 the Company's bookkeeping records and other information provided by you.

The financial statements comprise income statement, balance sheet and notes including accounting policies.

We performed our work in accordance with ISRS 4410, Engagements to compile financial information.

We have applied our expertise to assist you with the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We complied with relevant provisions of the Danish Auditors Act and FSR – Danish auditors' ethical requirements of auditors, including principles governing integrity, objectivity, professional competence and due care.

Management is responsible for the financial statements and the accuracy and completeness of the information used for the compilation of the financial statements.

As an engagement to compile financial statements is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you have provided to us for the compilation of the financial statements. Accordingly, we do not express an audit or review conclusion on whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 31 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Klaus Rytz
State Authorised
Public Accountant

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Management's review

Company details

Hapimag Danmark A/S
c/o Advokatfirmaet Bang/Brorsen & Fogtdal, Torvet 9
4800 Nykøbing F

Telephone: +45 54 87 15 50
Fax: +45 54 87 15 91
Website: www.hapimag.com

CVR no.: 13 86 38 49
Established: 1 January 1990
Registered office: Guldborgsund
Financial year: 1 January – 31 December

Board of Directors

Elisabeth Nymann Eriksen, Chairman
Saverio Carlo Alfredo Alberti
Oriano Schubiger

Executive Board

Oriano Schubiger

Management's review

Operating review

Principal activities

The Company's main activity is to run the holiday resort in Nysted, which comprises 55 holiday flats situated on Lolland. The Company is part of the Hapimag Group in Switzerland which operates holiday resorts in 17 countries.

The Company ceased its activities at Nysted resort at the end of October 2009. The holiday resort has not carried out any rental of holiday flats to Hapimag's members in 2016. Since 2011, Hapimag has leased the resort to the company Den Gamle Gaard i Stubberup ApS.

Uncertainty regarding recognition and measurement

The valuation of the holiday resort is by nature related to a high degree of uncertainty.

Development in activities and financial position

The loss for the year amounts to DKK 1,134 thousand (2015: loss of DKK 1,643 thousand). The Company's equity amounts to a negative of DKK 2,641 thousand (2015: a negative of DKK 1,507 thousand).

Capital resources

The Company has lost its share capital, which is why Hapimag AG has issued a letter of support in order to provide the Company with sufficient liquidity until end of May 2018.

Hapimag AG has stated that they will not demand repayment of a loan in the amount of DKK 10,200 thousand until the Company has sufficient cash resources. Based on this, it is Management's assessment that the Company is a going concern.

Outlook

Management expects a positive result for 2017.

Events after the balance sheet date

No events have occurred after the balance sheet date that materially affect the Company's financial position at 31 December 2016.

Deselection of audit

It is expected that the Company will choose not to have the statutory financial statements audited next year.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2015
Gross loss		-394	-308
Depreciation, amortisation and impairment		-740	-1,337
Operating loss		-1,134	-1,645
Financial income		1	4
Financial expenses		-1	-2
Loss before tax		-1,134	-1,643
Tax on profit/loss for the year	2	0	0
Loss for the year		-1,134	-1,643
Proposed distribution of loss			
Retained earnings		-1,134	-1,643
		-1,134	-1,643

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
ASSETS			
Fixed assets			
Property, plant and equipment			
Land and buildings		9,144	9,882
		9,144	9,882
Total fixed assets		9,144	9,882
Current assets			
Receivables			
Trade receivables		78	81
Other receivables		61	35
Prepayments		15	24
		154	140
Cash at bank and in hand		382	454
Total current assets		536	594
TOTAL ASSETS		9,680	10,476

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2015
EQUITY AND LIABILITIES			
Equity	3		
Share capital		4,000	4,000
Retained earnings		-6,641	-5,507
Total equity		<u>-2,641</u>	<u>-1,507</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Payables to group entities	4	12,279	11,879
Other payables		42	104
		<u>12,321</u>	<u>11,983</u>
Total liabilities other than provisions		<u>12,321</u>	<u>11,983</u>
TOTAL EQUITY AND LIABILITIES		<u>9,680</u>	<u>10,476</u>
Mortgages and collateral	5		
Contractual obligations, contingencies, etc.	6		
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Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of Hapimag Danmark A/S for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

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.

Income statement

Gross Profit

Revenue comprises invoiced sale/rental income for the year less price reductions directly attributable to the sale.

Other operating income comprises secondary items in relation to the Company's principal activity.

Other external costs comprise operating costs and maintenance.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, capital and exchange gains and losses.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

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.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

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

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows.

Buildings	27 years
Refurbishment and extensions	5-60 years
Other fixtures and fittings, tools and equipment	5-14 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

2 Tax on loss for the year

No current or deferred tax is incumbent on the Company. The Company has a deferred tax asset not recognised in the financial statements as it is uncertain whether it is possible for the Company to use the tax asset.

3 Equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2016	4 000	-5 507	-1 507
Transferred over the distribution of loss	0	-1 134	-1 134
Equity at 31 December 2016	4 000	-6 641	-2 641

There have been no changes in the share capital during the last five years.

The share capital consists of 4 000 shares of a nominal value of DKK 1 000 each.

All shares rank equally.

The Company has lost its share capital which is why Hapimag AG has issued a letter of support in order to provide the Company with sufficient liquidity until end of May 2018.

4 Payables to group companies

Hapimag AG has stated that it will not demand repayment of loan in the amount of DKK 10,200 thousand until the Company has sufficient cash resources to repay the debt or part thereof without negatively affecting Hapimag Danmark A/S' ability to continue as a going concern.

Hapimag AG has stated that the loan of DKK 10 200 thousand is subordinated to all other creditors.

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The letter of subordination is of indefinite duration.

The long-term debt to the parent company is a non-interest bearing liability.

5 Mortgages and collateral

The Company has granted a mortgage in the amount of DKK 4,000 thousand on land and buildings, property, plant and equipment owned by the Company.

6 Contractual obligations, contingencies, etc.

The Company has no contingent liabilities.

7 Related party disclosures

Hapimag Danmark A/S' related parties comprise the following:

Control

Hapimag AG, Neuhofstrasse 8, 6340 Baar, Switzerland

Hapimag AG holds the majority of the share capital in the Company.

Hapimag Danmark A/S is part of the consolidated financial statements of Hapimag AG, Switzerland, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Hapimag AG can be obtained by contacting the Company.