

# Copenhagen Towers ApS

c/o Solstra Capital Partners A/S, Lautrupsgade 7, 3. tv, 2100 København Ø

CVR no. 28 14 70 66



## Annual report 2015

Approved at the annual general meeting of shareholders on 31 May 2016

Chairman:

Handwritten signature of Mette Kapsch in blue ink.

Mette Kapsch

The EY logo, consisting of the letters 'EY' in a bold, sans-serif font.

Building a better  
working world



## Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditors' report	3
Management's review	5
Company details	5
Operating review	6
Financial statements for the period 1 January - 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes to the financial statements	12

### 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 Copenhagen Towers ApS for the financial year 1 January - 31 December 2015.

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 Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

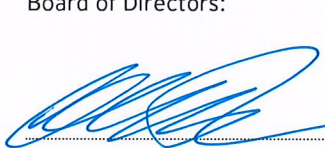
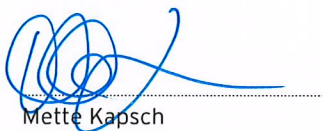
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 31 May 2016  
Executive Board:

  
.....  
David Overby

Board of Directors:

  
.....  
Oscar Claudius Crohn  
Chairman  
.....  
Palle Sort  
.....  
David Overby  
.....  
Mette Kapsch



## Independent auditors' report

To the shareholders of Copenhagen Towers ApS

### Independent auditors' report on the financial statements

We have audited the financial statements of Copenhagen Towers ApS for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### *Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

### *Opinion*

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

### Emphasis of matter regarding matters in the financial statements

Without modifying our opinion, we draw attention to the material uncertainties regarding the Company's going concern. We draw attention to note 2 in which Management states that it is a condition for the Company's ability to remain a going concern that earnings from the hotel activities increase ensuring an increased lease income and a positive result of the Company's coming negotiations regarding refinancing. It is Management's assessment that these assumptions will be achieved, and consequently, the financial statements have been prepared on a going concern assumption.

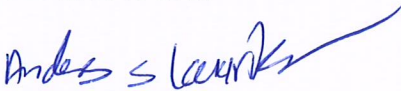


## Independent auditors' report

### Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 31 May 2016  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR No. 30 70 02 28

  
Anders Stig Lauritsen  
State Authorised Public Accountant

  
Kaare Kristensen Lendorf  
State Authorised Public Accountant



## Management's review

### Company details

Name	Copenhagen Towers ApS
Address, Postal code, City	c/o Solstra Capital Partners A/S, Lautrupsgade 7, 3. tv, 2100 København Ø
CVR No.	28 14 70 66
Established	1 November 2004
Registered office	Copenhagen
Financial year	1 January - 31 December
Telephone	+45 39 13 99 00
Board of Directors	Oscar Claudius Crohn, Chairman Palle Sort David Overby Mette Kapsch
Executive Board	David Overby
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
Bankers	Aareal Bank AG



## Management's review

### Operating review

#### The Company's business review

Copenhagen Towers ApS owns a hotel and conference centre, which is rented to Crowne Plaza Copenhagen Towers A/S.

#### Recognition and measurement uncertainties

The Company's earnings were affected by construction and development in the area, and consequently, Management has carried out an impairment test of non-current assets. The test did not show a need to recognise any impairment losses.

Due to the above uncertainties regarding earnings, the impairment test is subject to considerable uncertainties, and consequently, the carrying amount of non-current assets is subject to considerable uncertainties. If the assumptions used develop adversely, impairment losses may need to be recognised in the coming financial years.

Due to improved revenue from the operations during the last two years, Management has reversed impairment write-downs from previous years corresponding to this year's depreciations.

Reference is made to note 3 for more details.

#### Unusual matters having affected the financial statements

##### *Going concern*

In 2012, the real estate companies entered into financing agreements with the bank. The financing agreements comprise financing for the completion of the office building constituting stage 2 owned by Copenhagen Towers II P/S and financing for stage 1 owned by Copenhagen Towers ApS.

At 15 February 2016, the Group entered into an addendum to the existing finance agreements, where amortisation was deferred to 30 November 2017, where the loan in its entirety falls due.

Management has prepared a sensitivity analysis on cash flow budgets showing that the Company will have sufficient liquidity to continue their operations until the presentation of the financial statements for 2016 under the current outlook, see below. After this, it is a condition for the Company's ability to remain a going concern that earnings from the hotel activities increase ensuring an increased lease income and positive results of the Company's coming negotiations regarding refinancing.

Management expects to reach a new financing agreement during the coming year. Furthermore, Management expects that earnings from the hotel activities will increase in connection with finalisation of the construction in the area.

There is material uncertainty related to the going concern assumption which casts significant doubt on the Company's ability to continue as a going concern, and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Company's equity is expected to be re-established over the coming years due to rent income from properties, realisation of properties and cancellation of debt.

Reference is made to note 2 for more details.

#### Financial review

In 2015, the company's revenue came in at DKK 19,269 thousand against DKK 20,432 thousand last year. The income statement for 2015 shows a loss of DKK 6,357 thousand against a profit of DKK 9,136 thousand last year, and the balance sheet at 31 December 2015 shows a negative equity of DKK 622,392 thousand.



## **Management's review**

### **Operating review**

#### **Post balance sheet events**

No significant events have occurred after the balance sheet date that materially affect the financial statements at 31 December 2015.

#### **Outlook**

In the coming year, Management expects that earnings from the hotel activities will increase in connection with finalisation of the construction in the area and positive results of the negotiations regarding refinancing, which is a condition for the Company's continued operations after 2017.



## Financial statements for the period 1 January - 31 December

### Income statement

Note	DKK'000	2015	2014
	Revenue	19,269	20,432
	Other operating income	2,167	3,282
	Other external expenses	-2,285	-1,000
	<b>Gross profit</b>	<b>19,151</b>	<b>22,714</b>
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,177	-1,177
	<b>Operating profit</b>	<b>17,974</b>	<b>21,537</b>
	Income from investments in group entities	-1,148	47
4	Financial income	168	0
	Financial expenses	-23,351	-24,101
	<b>Profit/loss before tax</b>	<b>-6,357</b>	<b>-2,517</b>
5	Tax for the year	0	11,653
	<b>Profit/loss for the year</b>	<b>-6,357</b>	<b>9,136</b>
	<b>Proposed profit appropriation/distribution of loss</b>		
	Retained earnings/accumulated loss	-6,357	9,136
		-6,357	9,136



## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK'000	<u>2015</u>	<u>2014</u>
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
6	Property, plant and equipment		
	Land and buildings	481,566	481,566
	Other fixtures and fittings, tools and equipment	4,617	5,794
		<u>486,183</u>	<u>487,360</u>
	<b>Total non-current assets</b>	<u>486,183</u>	<u>487,360</u>
	<b>Current assets</b>		
	<b>Receivables</b>		
	Receivables from group entities	7,304	7,304
	Other receivables	0	102
	Deferred income	0	526
		<u>7,304</u>	<u>7,932</u>
	<b>Cash</b>	<u>2,527</u>	<u>8,342</u>
	<b>Total current assets</b>	<u>9,831</u>	<u>16,274</u>
	<b>TOTAL ASSETS</b>	<u><u>496,014</u></u>	<u><u>503,634</u></u>

## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK'000	2015	2014
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
7	Share capital	125	125
	Retained earnings	-622,517	-623,177
	<b>Total equity</b>	<u>-622,392</u>	<u>-623,052</u>
	<b>Liabilities other than provisions</b>		
8	<b>Non-current liabilities other than provisions</b>		
	Bank debt	681,304	681,304
	Payables to group entities	363,519	363,519
		<u>1,044,823</u>	<u>1,044,823</u>
	<b>Current liabilities other than provisions</b>		
	Trade payables	121	62
	Payables to group entities	28,879	30,008
	Other payables	44,583	51,793
		<u>73,583</u>	<u>81,863</u>
	<b>Total liabilities other than provisions</b>	<u>1,118,406</u>	<u>1,126,686</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>496,014</u></u>	<u><u>503,634</u></u>

- 1 Accounting policies
- 2 Material uncertainties regarding going concern
- 3 Material uncertainties regarding recognition and measurement
- 9 Collateral
- 10 Contractual obligations and contingencies, etc.
- 11 Related parties



## Financial statements for the period 1 January - 31 December

### Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2015	125	-623,177	-623,052
Profit/loss for the year	0	-6,357	-6,357
Adjustment of hedging instruments at fair value	0	7,017	7,017
Equity at 31 December 2015	125	-622,517	-622,392

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Copenhagen Towers ApS has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

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

#### Consolidated financial statements

In accordance with section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. We refer to the consolidated financial statements of the parent company in Denmark, CT Solstra ApS.

#### Recognition and measurement in general

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

#### Reporting currency

The financial statements are presented in Danish kroner.

#### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised as other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity are recognised in the income statement in the period in which the hedged item affects the profit/loss for the year.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries are recognised directly in equity.

#### Income statement

##### Revenue

Revenue comprises income from the lease of properties, etc.

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

##### Other external expenses

Other external costs comprise costs for distribution, sale, advertising, administration, premises, bad debt losses, etc.

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised exchange gains and losses on payables and transactions denominated in foreign currencies, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the administrative company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the administrative company.

#### 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. Land is not depreciated.

The basis of depreciation is cost less expected residual value at the end of the useful life.

Cost comprises the purchase price, financing costs and any costs directly attributable to the acquisition until the date when the asset is available for use.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	20-50 years
Tools and equipment	10 years

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

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation. 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.

#### Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses after an individual assessment of receivables.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs 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 for the individual receivable or portfolio is used as discount rate.

#### Prepayments

Prepayments, recognised under current assets, comprise costs incurred concerning subsequent years.

#### Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognised at the date of borrowing at cost corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 2 Material uncertainties regarding going concern

In 2012, the real estate companies entered into financing agreements with the bank. The financing agreements comprise financing for the completion of the office building constituting stage 2 owned by Copenhagen Towers II P/S and financing for stage 1 owned by Copenhagen Towers ApS.

At 15 February 2016, the Group entered into an addendum to the existing finance agreements, where amortisation was deferred to 30 November 2017, where the loan in its entirety falls due.

Management has prepared a sensitivity analysis on cash flow budgets showing that the Company will have sufficient liquidity to continue their operations until the presentation of the financial statements for 2016 under the current outlook. After this, it is a condition for the Company's ability to remain a going concern that earnings from the hotel activities increase ensuring an increased lease income and positive results of the Company's coming negotiations regarding refinancing.

Management expects to reach a new financing agreement during the coming year. Furthermore, Management expects that earnings from the hotel activities will increase in connection with finalisation of the construction in the area.

There is material uncertainty related to the going concern assumption which casts significant doubt on the Company's ability to continue as a going concern, and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Company's equity is expected to be re-established over the coming years due to rent income from properties, realisation of properties and cancellation of debt.

#### 3 Material uncertainties regarding recognition and measurement

The Company's earnings were affected by construction and development in the area, and consequently, Management has carried out an impairment test of non-current assets. The test did not show a need to recognise any impairment losses.

Due to the above uncertainties regarding earnings, the impairment test is subject to considerable uncertainties, and consequently, the carrying amount of non-current assets is subject to considerable uncertainties. If the assumptions used develop adversely, impairment losses may need to be recognised in the coming financial years.

DKK'000	2015	2014
<b>4 Financial income</b>		
Other financial income	168	0
	<u>168</u>	<u>0</u>

Due to the financial situation, no interest has been added to receivables from group enterprises.

DKK'000	2015	2014
<b>5 Tax for the year</b>		
Tax adjustments, prior years	0	-11,653
	<u>0</u>	<u>-11,653</u>



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 6 Property, plant and equipment

DKK'000	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2015	863,174	11,770	874,944
Cost at 31 December 2015	863,174	11,770	874,944
Impairment losses and depreciation at 1 January 2015	381,608	5,976	387,584
Amortisation/depreciation in the year	30,821	1,177	31,998
Reversal of prior-year impairment losses	-30,821	0	-30,821
Impairment losses and depreciation at 31 December 2015	381,608	7,153	388,761
Carrying amount at 31 December 2015	481,566	4,617	486,183

DKK'000	2015	2014
<b>7 Share capital</b>		
The share capital consists of the following:		
125,000 shares of DKK 1.00 each	125	125
	125	125

The Company's share capital has remained DKK 125 thousand over the past 5 years.

#### 8 Long-term liabilities

DKK'000	Total debt at 31/12 2015	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	681,304	0	681,304	0
Payables to group entities	363,519	0	363,519	0
	1,044,823	0	1,044,823	0

#### 9 Collateral

Registered mortgages, totalling DKK 695 million in the Company's property with a carrying amount of DKK 482 million, have been provided as collateral for the Company's debts to banks.

The Company's bank account has been charged.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 10 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The Company has been jointly taxed with the other Danish companies in the ALMC Group until 31 January 2014. Together with the other companies included in the joint taxation, the Company is jointly and severally liable for payment of income taxes for the income in the period of joint taxation and withholding taxes in the group of jointly taxed entities.

The Company is jointly taxed with the other Danish companies in the CT Solstra Group. As a wholly-owned subsidiary, together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for payment of income taxes as well as withholding taxes.

#### 11 Related parties

Copenhagen Towers ApS' related parties comprise the following:

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
CT Solstra ApS	Copenhagen	Lautrupsgade 7, DK-2100 Copenhagen

##### Related party transactions not carried through on normal market terms

As a result of the Group's financial situation, no interest has been added to receivables and payables to affiliates.

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Copenhagen Towers Holding ApS	Lautrupsgade 7, DK-2100 Copenhagen