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 2016

Approved at the annual general meeting of shareholders on 13 June 2017

Chairman:

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Mette Kapsch

Building a better
working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Copenhagen Towers ApS for the financial year 1 January - 31 December 2016.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company 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.

Copenhagen, 13 June 2017
Executive Board:

David Overby

Board of Directors:

Oscar Claudius Crohn Chairman	Palle Sort	David Overby
Mette Kapsch		

Independent auditor's report

To the shareholders of Copenhagen Towers ApS

Opinion

We have audited the financial statements of Copenhagen Towers ApS for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

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

Material uncertainty related to 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 that the Company obtains positive results of its ongoing 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.

We have not modified our opinion in respect of this matter.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

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 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.

Based on our procedures, 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 13 June 2017
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Anders Stig Lauritsen	Kaare Kristensen Lendorf
State Authorised Public Accountant	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 91 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

Management's review

Management commentary

Business review

Copenhagen Towers ApS owns a hotel and conference centre, which is leased 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 increased above uncertainties regarding earnings, the impairment test is subject to considerable uncertainties, and consequently, the carrying amount of fixed assets is subject to considerable uncertainties. If the assumptions used develop adversely, impairment losses might need to be recognised in the coming financial years.

Due to increased revenue from the operations during the past 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 4 October 2016, the Group entered into an addendum to the existing financing agreements, where the loan commitment was increased and amortisation was deferred to 31 October 2018, 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 its operations until the presentation of the financial statements for 2017 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 that the Company obtains positive results of its ongoing negotiations regarding refinancing.

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 2016, the Company's revenue amounted to DKK 19,018 thousand against DKK 19,269 thousand last year. The income statement for 2016 shows a loss of DKK 5,160 thousand against DKK -6,357 thousand last year, and the balance sheet at 31 December 2016 shows a negative equity of DKK 619,405 thousand.

Management's review

Management commentary

Events after the balance sheet date

No significant events have occurred after the balance sheet date that materially affect the financial statements at 31 December 2016.

Outlook

In the coming year, Management expects that earnings from the leasing activities will increase in connection with the reduction of vacancy 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	2016	2015
	Revenue	19,018	19,269
	Other operating income	0	2,167
	Other external expenses	-666	-2,285
	Gross margin	18,352	19,151
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,177	-1,177
	Profit before net financials	17,175	17,974
	Value adjustment of intercompany receivables	1,148	-1,148
5	Financial income	0	168
	Financial expenses	-23,483	-23,351
	Profit/loss before tax	-5,160	-6,357
	Tax for the year	0	0
	Profit/loss for the year	-5,160	-6,357

Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	-5,160	-6,357
	-5,160	-6,357

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	ASSETS		
	Fixed assets		
6	**Property, plant and equipment**		
	Land and buildings	481,566	481,566
	Other fixtures and fittings, tools and equipment	3,440	4,617
		485,006	486,183
	Total fixed assets	485,006	486,183
	Non-fixed assets		
	Receivables		
	Receivables from group entities	11,430	7,304
		11,430	7,304
	Cash	5,161	2,527
	Total non-fixed assets	16,591	9,831
	TOTAL ASSETS	501,597	496,014

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	125	125
	Retained earnings	-619,530	-622,517
	Total equity	-619,405	-622,392
	Liabilities		
8	**Non-current liabilities other than provisions**		
	Bank debt	681,304	681,304
	Payables to group entities	363,519	363,519
		1,044,823	1,044,823
	Current liabilities		
	Trade payables	170	121
	Payables to group entities	39,775	28,879
	Other payables	36,234	44,583
		76,179	73,583
	Total liabilities other than provisions	1,121,002	1,118,406
	TOTAL EQUITY AND LIABILITIES	501,597	496,014

1 Accounting policies
2 Material going concern uncertainties
3 Recognition and measurement uncertainties
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11 Interest rate risks and use of derivative financial instruments
12 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 2016	125	-622,517	-622,392
Transfer through appropriation of loss	0	-5,160	-5,160
Adjustment of hedging instruments at fair value	0	8,147	8,147
Equity at 31 December 2016	125	-619,530	-619,405

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.

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.

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Basis of recognition and measurement

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 (DKK).

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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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 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 external expenses

Other external expenses 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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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 evidence that a receivable or a group of receivables is 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 debtors' domicile and credit ratings in line with the Company's risk management policy. 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 for the individual receivable or portfolio is used as discount rate.

Prepayments

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

2 Material going concern uncertainties

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 4 October 2016, the Group entered into an addendum to the existing financing agreements, where the loan commitment was increased and amortisation was deferred to 31 October 2018, 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 itsoperations until the presentation of the financial statements for 2017 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 that the Company obtains positive results of its ongoing negotiations regarding refinancing.

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 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 fixed 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 fixed assets is subject to considerable uncertainties. If the assumptions used develop adversely, impairment losses may need to be recognised in the coming financial years.

4 Staff costs

The Company has no employees.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015
5 **Financial income**		
Other financial income	0	168
	0	168

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

6 **Property, plant and equipment**

DKK'000	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2016	863,174	11,770	874,944
Cost at 31 December 2016	863,174	11,770	874,944
Impairment losses and depreciation at 1 January 2016	381,608	7,153	388,761
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 2016	381,608	8,330	389,938
Carrying amount at 31 December 2016	481,566	3,440	485,006

DKK'000	2016	2015
7 **Share capital**		
Analysis of the share capital:		
125,000 shares of DKK 1.00 nominal value each	125	125
	125	125

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

8 **Non-current liabilities other than provisions**

DKK'000	Total debt at 31/12 2016	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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

9 **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.

10 **Collateral**

Registered mortgages, totalling DKK 696 million in the Company's property with a carrying amount of DKK 695 million, have been provided as collateral for the Company's debts to banks.

The Company's bank account has been charged.

11 **Interest rate risks and use of derivative financial instruments**

Interest rate risks

The Company hedges interest rate risks through interest rate swaps whereby floating interest payments are changed to fixed interest payments.

Interest rate swap agreement

The Company has entered into an interest rate swap agreement with Aareal Bank AG for purposes of hedging the interest rate risk associated with the mortgage debt totalling DKK 681.3 million at 31 December 2017.

The nominal value of the agreement amounts to DKK 179.8 million, and the agreement expires on 30 November 2017.

The interest rate swap is based on the 3-month floating-rate RD Cibor 2® with a fixed interest rate of 4.7%.

The fair value is calculated by Aareal Bank AG based on the discounted cash flow of the agreement by applying the market rate at 31 December 2016. The fair value of the interest rate swap amounted to DKK -8.2 million at 31 December 2016 and is recognised under "Other payables".

Financial statements for the period 1 January - 31 December

Notes to the financial statements

12 Related parties

Information about consolidated financial statements

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

Group enterprise 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