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**MORGAN STANLEY EQUITY
FINANCE (DENMARK) ApS in
voluntary liquidation**

Langelinie Allé 35
2100 København Ø
Business Registration No
28157924

Annual report 2018

The Annual General Meeting adopted the annual report on 28.05.2019

Chairman of the General Meeting

Name: Morten Risby Hansen

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Entity details

Entity

MORGAN STANLEY EQUITY FINANCE (DENMARK) ApS in voluntary liquidation

Langelinie Allé 35

2100 København Ø

Central Business Registration No (CVR): 28157924

Registered in: København

Financial year: 01.01.2018 - 31.12.2018

Liquidator

Tina Øster Larsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

Statement by Management on the annual report

The Liquidator have today considered and approved the annual report of MORGAN STANLEY EQUITY FINANCE (DENMARK) ApS in voluntary liquidation for the financial year 01.01.2018 - 31.12.2018.

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

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 28.05.2019

Liquidator

Tina Øster Larsen

The independent auditor's compilation report

To the Management of MORGAN STANLEY EQUITY FINANCE (DENMARK) ApS in voluntary liquidation

We have compiled the financial statements of MORGAN STANLEY EQUITY FINANCE (DENMARK) ApS in voluntary liquidation for the financial year 01.01.2018 - 31.12.2018 based on the Entity's bookkeeping records and other information Management has provided.

These financial statements comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies.

We performed this compilation engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist Management in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct for professional accountants, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile the financial statements are Management's responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the disclosures Management provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion about whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 28.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Flemming Larsen
State Authorised Public Accountant
Identification No (MNE) mne27790

Management commentary

Primary activities

The principal activity of Morgan Stanley Equity Finance (Denmark) ApS (the "Company") is to enter into financing transactions. During the year, the Company had discontinued its activities and on 14 December 2018 the Company went into a voluntary liquidation.

The Company's ultimate parent undertaking and controlling entity is Morgan Stanley which, together with the Company and its other subsidiary undertakings, form the Morgan Stanley Group (the "Group").

Development in activities and finances

Profit for the year after tax was EUR 95 thousand (2017: EUR 101 thousand). During the year, no dividends were paid (2017: nil).

EUR 95 thousand (2017: EUR 101 thousand) will be transferred to reserves.

The income statement for the year is set out on page 5. During the year, the Company was placed into voluntary liquidation.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018</u> <u>EUR'000</u>	<u>2017</u> <u>EUR'000</u>
Gross profit/loss		(24)	9
Other operating expenses		<u>0</u>	<u>(2)</u>
Operating profit/loss		(24)	7
Other financial income	2	146	143
Other financial expenses	3	<u>0</u>	<u>(31)</u>
Profit/loss before tax		122	119
Tax on profit/loss for the year		<u>(27)</u>	<u>(18)</u>
Profit/loss for the year		95	101
Proposed distribution of profit/loss			
Retained earnings		<u>95</u>	<u>101</u>
		95	101

Balance sheet at 31.12.2018

	Notes	2018 EUR'000	2017 EUR'000
Receivables from group enterprises		12.579	13.909
Income tax receivable		<u>8</u>	<u>6</u>
Receivables		<u>12.587</u>	<u>13.915</u>
Current assets		<u>12.587</u>	<u>13.915</u>
Assets		<u>12.587</u>	<u>13.915</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 EUR'000</u>	<u>2017 EUR'000</u>
Contributed capital	4	10.017	10.017
Retained earnings		<u>2.561</u>	<u>2.466</u>
Equity		<u>12.578</u>	<u>12.483</u>
Payables to group enterprises		0	1.432
Other payables		<u>9</u>	<u>0</u>
Current liabilities other than provisions		<u>9</u>	<u>1.432</u>
Liabilities other than provisions		<u>9</u>	<u>1.432</u>
Equity and liabilities		<u>12.587</u>	<u>13.915</u>
Staff costs	1		
Related parties with controlling interest	5		
Transactions with related parties	6		

Statement of changes in equity for 2018

	Contributed capital EUR'000	Retained earnings EUR'000	Total EUR'000
Equity beginning of year	10.017	2.466	12.483
Profit/loss for the year	0	95	95
Equity end of year	10.017	2.561	12.578

Notes

	<u>2018</u>	<u>2017</u>
1. Staff costs		
Average number of employees	<u>0</u>	<u>0</u>

	<u>2018</u> <u>EUR'000</u>	<u>2017</u> <u>EUR'000</u>
2. Other financial income		
Financial income arising from group enterprises	<u>146</u>	<u>143</u>
	<u>146</u>	<u>143</u>

	<u>2018</u> <u>EUR'000</u>	<u>2017</u> <u>EUR'000</u>
3. Other financial expenses		
Financial expenses from group enterprises	<u>0</u>	<u>31</u>
	<u>0</u>	<u>31</u>

4. Contributed capital

The share capital consists of 10,016,762 shares at EUR 1 each. The share capital is not divided into different classes of shares. There have been no changes in share capital in the past five financial years.

5. Related parties with controlling interest Controlling influence

Morgan Stanley, Ultimate Parent, Registered in Delaware, USA.

Morgan Stanley & Co International plc, Parent, registered in the United Kingdom

6. Transactions with related parties

Other related parties

The parties related to the Company are the other companies in the Morgan Stanley Group of which the Company forms part.

All Transactions with related parties are at arm's length.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The Company is into a voluntary liquidation in accordance with the provisions of a solvent liquidation. The accounting policies applied to the financial statements are consistent with those applied last year. The management believes that the recognition, measurements, classification and presentation of the Company's assets and liabilities will not be impacted by the liquidation.

Items included in the financial statements are measured and presented in Euro, the currency of the primary economic environment in which the Company operates.

All currency amounts in the management commentary and the financial statements are rounded to the nearest thousand Euro.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Netting

Where there is a legally enforceable right to set off the recognised amounts and an intention to settle on a net basis or to realise the asset and the liability simultaneously, financial assets and financial liabilities are offset and the net amount is presented in the balance sheet. All other amounts are presented on a gross basis.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income and other external expenses.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Company's primary activities.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for professional fees and bank charges.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Company's primary activities.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises.

Other financial expenses

Other financial expenses comprise including interest expenses on payables to group enterprises.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The tax rate for 2018 is 22% (2017: 22%).

Balance sheet

Receivables

The Company classifies its financial assets as receivables on initial recognition.

The Company classifies its financial liabilities as current liabilities other than provisions on initial recognition.

Accounting policies

More information regarding these classifications is included below:

Receivables and current liabilities other than provision

Financial assets classified as receivables are initially recognised on settlement date at fair value and subsequently measured at amortised cost less allowance for impairment. Interest is recognised in 'Other financial income' in the income statement, using the effective interest method. Transaction costs that are directly attributable to the acquisition of the financial asset are added to or deducted from the fair value on initial recognition.

Current liabilities other than provisions are initially recognised on settlement date at fair value and subsequently measured at amortised cost. Interest is recognised in the income statement in 'Other financial expenses' using the effective interest rate method as described below.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial instruments) and of allocating the interest income or interest expense over the expected life of the financial instruments. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, where appropriate, a shorter period) to the carrying amount of the financial instruments. The effective interest rate is established on initial recognition of the financial instrument.

The calculation of the effective interest rate includes all fees and commissions paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.