L.C.O PROPERTIES ApS
c/o Intertrust Denmark
Harbour House
Sundkrogsgade 21, DK 2100
Copenhagen
Central Business Registration
N°28654464
ANNUAL REPORT 2016

The Annual General Meeting adopted the annual report on 10th February 2017

Chairman of the General Meeting

____

Name: Pernille Ohlsen

L.C.O PROPERTIES ApS

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

CONTENTS

Company details

Company:	L.C.O Properties ApS Sundkrogsgade 21 2100 København Central Business Registration N°:28654464 Registered in: København Financial year:01.01.2016 – 31.12.2016
Executive Board:	Adam Charles Mackie Pernille Ohlsen
Independent Auditors:	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 Postboks 1600 0900 København C

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of L.C.O Properties ApS for the financial year 1 January 2016 to 31 December 2016.

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

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

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

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

København,10th February 2017

Executive Board

Adam Charles Mackie

Pernille Ohlsen

Independent auditor's report

To the shareholders of L.C.O Properties ApS

Opinion

We have audited the financial statements of L.C.O Properties ApS for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet and notes, including a summary of significant 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 Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 exits. 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 these 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 10.02.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Tim Kjær-Hansen
State-Authorised
Public Accountant

Management commentary

Primary activities

The Company's main activity is to buy and hire out real property in Denmark and abroad.

Development in activities and finances

The results for the year are considered satisfactory. The Company has sold the second part of its property in Rosheim, which has resulted in a gain of €nil. The Company holds 3 buildings in France and realizes a gross profit of 121 671 EUR as of 31/12/2016. Nevertheless the loss of the year still amounts to 129 277 EUR in 2016 (2015: -2 173 726 EUR).

The Company's activities are financed by a loan from the Parent. It is the intention of the Parent to continue the financial support of the Company as long as necessary.

The equity is expected to be reestablished through future income and a conversion of the Company's payables to group enterprises to equity.

Events after the balance sheet date

None.

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 has decided to submit the annual report in euros in accordance with section16 of the Danish Financial Statements Act.

Change of accounting policies

A change in classification has been made from last year financial statement in order to distinguish the intangible assets from the tangible assets. The comparative figures have been adjusted.

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 Entity, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when the Entity has a legal and constructive obligation as a result of a prior event, and it its probable that future economic benefits will flow out of the Entity, 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 presentation of the annual report and that confirm or invalidate affairs and conditions existing at balance sheet date are considered at recognition and measurement.

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

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 one in effect at payment date, or the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income and property costs.

Revenue

Rent is recognized in the income statement for the financial year which the rent concerns.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Company's primary activities, including gains from the sale of property, plant and equipment.

Accounting policies (continued)

Income statement (continued)

Other external expenses

Other external expenses included expenses relating to the Company's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also included write-downs of receivables recognized in current assets.

Property costs

Property costs include costs incurred to operate the Company's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses relating to the property, plant and equipment comprise amortization, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other operating expenses

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

Financial expenses from group companies

Financial expenses from group enterprises comprise interest expenses, and payables to group companies.

Other financial expenses

Other financial expenses comprise interest expenses, including net capital losses on securities, payables and transactions in foreign currencies etc.

Accounting policies (continued)

Balance sheet

Intangible assets

The intangible assets are stated cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the assets until they are ready for their intended used.

The intangible assets are composed of licenses amortized on 10 years.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the assets until they are ready for their intended used.

Depreciation is computed on a straight-line basis over the following estimated useful lives, deemed to represent the economic-technical life of the assets to which they refer:

Category	Useful lives
Fixtures and furnitures	3-5 years
Buildings	20-50 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortized cost, usually equaling normal value less write downs for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayment are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Income statement for the year ended 31 December 2016

	Notes	2016 EUR	2015 EUR
Gross profit		123 323	203 228
Depreciation, amortisation and impairment losses	1 , 2	(135 161)	(1 545 881)
Other operating expenses		-	(651 886)
Operating profit/loss		(11 838)	(1 994 539)
Financial expenses from group enterprises	3	(117 438)	(177 100)
Other financial expenses		-	(2 088)
Profit/(loss) for the year		(129 277)	(2 173 727)
Proposed distribution of the profit/(loss)			
Retained earnings		(129 277)	(2 173 727)
		(129 277)	(2 173 727)

Balance sheet at 31 December 2016

	Notes	2016 EUR	2015 EUR
Non current assets			
Intangible assets	1	4 998	7 052
Property, plant and equipment	2		
Land and buildings		2 042 468	3 656 478
		2 047 466	**3 663 530**
Current assets			
Trade receivables		952	4 099
Prepayment		5 754	8 336
Cash and cash equivalents		244 394	209 074
		251 100	**221 509**
Total assets		**2 298 566**	**3 885 039**
Equity and liabilities			
Equity	3		
Contributed capital		16 769	16 769
Retained earnings		(4 299 839)	(4 170 562)
Total equity		**(4 283 070)**	**(4 153 793)**
Non-current liabilities			
Loan payable to shareholder	4	6 422 000	7 822 000
Other Payables		46 903	46 810
		6 468 903	**7 868 810**
Current liabilities			
Trade payables		14 250	1 426
Debt to group enterprises		83 453	130 073
Other payables		15 030	38 523
		112 733	**170 022**
Total liabilities		**6 581 636**	**8 038 832**
Total equity and liabilities		**2 298 566**	**3 885 039**

Statement of changes in equity at 31 December 2016

	Issued capital EUR	Retained earnings EUR	Total equity EUR
At 1 January 2016	16 769	(4 170 562)	(4 153 793)
Loss for the year		(129 277)	(129 277)
At 31 December 2016	16 769	(4 299 839)	(4 283 070)

Notes to the annual report

1- Intangible assets

	Licences
Cost	
At 31 December 2015	**22 016**
Additions	-
Disposals	-
At 31 December 2016	**22 016**
Depreciation and impairment	
At 31 December 2015	**(14 964)**
Depreciation charge for the year	(2 055)
Impairment	-
Disposals	-
At 31 December 2016	**(17 018)**
Net book value	
At 31 December 2016	4 998
At 31 December 2015	7 052

2- Property plant and equipment

Property, plant and equipment includes land and buildings that are rented to earn income.

	Land	Buildings	Total
Cost			
At 31 December 2015	**1 961 501**	**4 339 567**	**6 301 069**
Additions		17 447	17 447
Disposals	(1 487 609)	(1 892 545)	(3 380 155)
At 31 December 2016	**473 892**	**2 464 468**	**2 938 361**
Depreciation and impairment			
At 31 December 2015	-	**(2 644 590)**	**(2 644 590)**
Impairment	-	(133 108)	(133 108)
Disposals	-	596 816	596 816
Depreciation reversal for the year	-	1 284 990	1 284 990
At 31 December 2016	-	**(895 892)**	**(895 892)**
Net book value			
At 31 December 2016	473 892	1 568 576	**2 042 468**
At 31 December 2015	1 961 501	1 694 977	**3 656 479**

Notes to the annual report (continued)

During the year the Company has sold a property for a selling price of €1 500 000, and realized a gain of € nil (Price = €1 500 000 / NBV = €1 500 000).

3- Contributed capital

There have been no changes to the share capital for the last 5 years.

4- Loan payable to shareholder

A loan of an initial amount of €12 072 000 has been granted to the Company by its Parent to finance the acquisition of land and buildings. The loan bears interests at 1.6628%. At 31 December 2016 the loan amounts to €6 422 000 (2015:€7 822 000). The interest payable to the shareholder amounts €83453 (2015: €130 073). The total interest expenses for the year amounts to €117 439 (2015: €177 100).

5- Claims of creditor subordinated to other creditors

The Company's long-term debt is issued by the Parent. The Parent has issued a support letter to the Company which is valid until 31 December 2017.

6- Related parties with control

CEF (W) S.A. (the "Parent") owns all shares in the Company.

7- Consolidation

Name and registered office of the Ultimate Parent preparing consolidated financial statements for the largest and for the smallest group:

Yesss Group (W) S.A., Luxembourg.