

K/S Mecura Hannover City

c/o Damborg, Astridsvej 20, 2770 Kastrup

Company reg. no. 29 85 26 69

Annual report

2015

The annual report has been submitted and approved by the general meeting on the 30 May 2016.

Anita Wang

Chairman of the meeting

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance EUR 146.940 is the same as the English amount of EUR 146,940, and that 23,5 % is the same as the English 23.5 %.

Statsautoriseret Revisionspartnerselskab

CVR-nr.: 29442789

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Contents

	<u>Page</u>
Reports	
Management's report	1
The independent auditor's reports	2
Management's review	
Company data	4
Management's review	5
Annual accounts 1 January - 31 December 2015	
Accounting policies used	6
Profit and loss account	9
Balance sheet	10
Notes	12

Management's report

The management have today presented the annual report of K/S Mecura Hannover City for the financial year 1 January to 31 December 2015.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Kastrup, 15 March 2016

Board of directors

Thomas Kjærgaard

Frank Werner Nielsen

Bjarke Gohr Jensen

The independent auditor's reports

To the limited partners of K/S Mecura Hannover City

Report on the annual accounts

We have audited the annual accounts of K/S Mecura Hannover City for the financial year 1 January to 31 December 2015, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as it determines necessary in order to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts 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 the management, as well as the overall presentation of the annual accounts.

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

The audit has not resulted in any qualification.

Opinion

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

Emphasis of matter paragraph on matters in the accounts

Without modifying our opinion we refer to note 1 where the Management explains uncertainty in the recognition and measurement of the property.

The independent auditor's reports

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 further procedures in addition to the audit of the annual accounts. On this basis, it is our opinion that the information provided in the management's review is consistent with the annual accounts.

Copenhagen, 15 March 2016

Redmark

State Authorised Public Accountants
CVR-nr. 29 44 27 89

Henrik J. Thomsen

State Authorised Public Accountant

Company data

The company	K/S Mecura Hannover City c/o Damborg Astridsvej 20 2770 Kastrup
	Company reg. no.: 29 85 26 69 Established: 4 September 2006 Domicile: Tårnby Financial year: 1 January - 31 December
Board of directors	Thomas Kjærgaard Frank Werner Nielsen Bjarke Gohr Jensen
General partner	Komplementarselskabet Mecura Hannover City ApS Astridsvej 20 2770 Kastrup CVR-nr. 29 84 19 93
Auditors	Redmark, Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg

Management's review

The principal activities of the company

The activities of the limited partnership comprise owning and leasing the business property acquired in 2006 and situated at Wöhlerstrasse 48, Hannover, Germany.

The limited partnership consists of 100 shares distributed among 8 limited partners.

The property is fully leased.

Uncertainties as to recognition or measurement

The property is measured in accordance with the principles applied under accounting policies. The value is determined based on Management's estimate described further in note 1.

Development in activities and financial matters

The net turnover for the year is EUR 169.967 against EUR 175.428 last year. The results from ordinary activities after tax are EUR -40.749 against EUR -15.539 last year.

Special risks - operation risks and financial risks

Credit risks

The limited partnership's Management is still seeking to obtain offers for alternative financing, as Sydbank informed the limited partnership in 2008 that financing of foreign property was outside the bank's strategic focus.

Basis of earnings

Rent agreement

The main lessee has in 2014 informed that they wanted to use their 5-year option and extended the lease with 5 years valid until 31 August 2019.

Accordingly, this agreement ensures that the limited partnership and Sydbank renewed the agreement to extend the banking arrangement to the effect that the repayment profile etc. can be accommodated within the limited partnership's capital resources.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for K/S Mecura Hannover City is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual report is presented in euro (EUR).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency, which are not settled at the date of the balance sheet, are translated by using the closing rate. The difference between the closing rate and the rate at the time of establishment of the receivable or the payable is recognised in the profit and loss account under financial income and financial costs.

Accounting policies used

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

The profit and loss account

Net turnover

Rental income from investment property

Rental income comprises income from the lease of property and from charged joint costs, and it is recognised in the profit and loss account for the period relating to the lease payment.

Property costs

Property costs include costs incurred to operate the Entity'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.

Other external costs

Other external costs comprise costs for administration and audit.

Net financials

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

The balance sheet

Investment property

At the first recognition, investment property is measured at cost, comprising the cost of the property and directly attached costs, if any.

After initial recognition, the properties are measured at fair value which represents the amount at which the individual property may be sold to an independent buyer. The fair value of the properties is revalued annually based on value in use calculations for expected cash flows from the individual investment properties. When calculating values in use, a discount factor that reflects the current yield requirements on comparable properties is used. Fair value adjustments for the financial year are recognised in the income statement.

Like other material fixed assets, except from land, investment property has a limited life financial life. The impairment taking place concurrently with the aging of the investment property is reflected in the current measuring of the investment property at fair value.

Accounting policies used

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank and in hand.

Liabilities

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

Profit and loss account 1 January - 31 December

All amounts in EUR.

<u>Note</u>	<u>2015</u>	<u>2014</u>
Net turnover	169.967	175.428
Property costs	-26.364	-35.086
Other external costs	-19.189	-10.378
Gross results	124.414	129.964
2 Other financial income	6.921	6.757
3 Other financial costs	-172.084	-152.260
Results for the year	-40.749	-15.539
 Proposed distribution of the results:		
Allocated from results brought forward	-40.749	-15.539
Distribution in total	-40.749	-15.539

Balance sheet 31 December

All amounts in EUR.

Assets			
<u>Note</u>		<u>2015</u>	<u>2014</u>
Fixed assets			
4	Investment property	<u>2.213.311</u>	<u>2.213.311</u>
	Tangible fixed assets in total	<u>2.213.311</u>	<u>2.213.311</u>
	Fixed assets in total	<u>2.213.311</u>	<u>2.213.311</u>
Current assets			
	Other debtors	<u>3.849</u>	<u>3.651</u>
	Debtors in total	<u>3.849</u>	<u>3.651</u>
	Cash funds	<u>65.830</u>	<u>45.712</u>
	Current assets in total	<u>69.679</u>	<u>49.363</u>
	Assets in total	<u>2.282.990</u>	<u>2.262.674</u>

Balance sheet 31 December

All amounts in EUR.

Equity and liabilities		<u>2015</u>	<u>2014</u>
<u>Note</u>			
Equity			
5	Contributed capital	806.062	806.062
6	Results brought forward	-546.874	-506.125
	Equity in total	<u>259.188</u>	<u>299.937</u>
Liabilities			
	Mortgage debt	1.615.133	1.760.637
	Debt to group enterprises	15.830	15.990
	Long-term liabilities in total	<u>1.630.963</u>	<u>1.776.627</u>
	Short-term part of long-term liabilities	93.712	92.210
	Other debts	299.127	93.900
	Short-term liabilities in total	<u>392.839</u>	<u>186.110</u>
	Liabilities in total	<u>2.023.802</u>	<u>1.962.737</u>
	Equity and liabilities in total	<u>2.282.990</u>	<u>2.262.674</u>

8 Mortgage and securities

Notes

All amounts in EUR.

1. Uncertainties concerning recognition and measurement

The property is stated in accordance with the principles applied under accounting policies. The value is fixed based on Management's estimate and is subject to some uncertainty, as the market is still not well-functioning.

Fair value is calculated based on a discount rate of 6.5%, which results in a fair value assessment of EUR 2.2 million.

Based on a concrete assessment, the Company's Management has maintained the value of EUR 2.2 million as it believes this results in the most accurate fair value. Moreover, Management believes that the difference compared to the above-mentioned assessment lies within a reasonable deviation considering the uncertainty connected to a fair value assessment of investment properties.

Rent agreement

The main lessee has in 2014 informed that they wanted to use their 5-year option and extended the lease with 5 years valid until 31 August 2019.

Accordingly, this agreement ensures that the limited partnership and Sydbank renewed the agreement to extend the banking arrangement to the effect that the repayment profile etc. can be accommodated within the limited partnership's capital resources.

2. Other financial income

Interest, banks	1	4
Exchange differences	6.920	6.753
	<u>6.921</u>	<u>6.757</u>

3. Other financial costs

Financial costs, group enterprises	310	314
Other financial costs	171.774	151.946
	<u>172.084</u>	<u>152.260</u>

Notes

All amounts in EUR.

	<u>31/12 2015</u>	<u>31/12 2014</u>		
4. Investment property				
Cost 1 January 2015	<u>2.162.902</u>	<u>2.162.902</u>		
Cost 1 January 2015	<u>2.162.902</u>	<u>2.162.902</u>		
Fair value adjustment 1 January 2015	<u>50.409</u>	<u>50.409</u>		
Fair value adjustment 31 December 2015	<u>50.409</u>	<u>50.409</u>		
Book value 31 December 2015	<u>2.213.311</u>	<u>2.213.311</u>		
5. Contributed capital				
Contributed capital 1 January 2015	<u>806.062</u>	<u>806.062</u>		
	<u>806.062</u>	<u>806.062</u>		
6. Results brought forward				
Results brought forward 1 January 2015	-506.125	-490.586		
Profit or loss for the year brought forward	<u>-40.749</u>	<u>-15.539</u>		
	<u>-546.874</u>	<u>-506.125</u>		
7. Liabilities				
	Instalments	Outstanding	Debt in total	Debt in total
	first year	debt after	31 Dec 2015	31 Dec 2014
	<u> </u>	<u>5 years</u>	<u> </u>	<u> </u>
Mortgage debt	<u>-93.712</u>	<u>0</u>	<u>1.708.845</u>	<u>1.852.847</u>
	<u>-93.712</u>	<u>0</u>	<u>1.708.845</u>	<u>1.852.847</u>
8. Mortgage and securities				
As security for mortgage debts, EUR 1,709 thousand, mortgage has been granted in the investment property representing a book value of EUR 2,213 thousand at 31 December 2015				