Marzabal Denmark ApS

c/o Redmark, Statsautoriseret Revisionspartnerselskab, Dirch Passers Allé 76, 2000 Frederiksberg

Company reg. no. 30 27 61 67

Annual report

1 January - 31 December 2016

The annual report have been submitted and approved by the general meeting on the 9 June 2017.

____

Nicolas Contoner y Martos
Chairman of the meeting

Contents

Notes:

- *To ensure the greatest possible applicability of this document, British English terminology has been used.*
- *Please note that decimal points have not been used in the usual English way. This means that for instance EUR 146.940 means the amount of EUR 146,940, and that 23,5 % means 23.5 %.*

Management's report

The board of directors and the managing director have today presented the annual report of Marzabal Denmark ApS for the financial year 1 January to 31 December 2016.

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 2016 and of the company's results of its activities in the financial year 1 January to 31 December 2016.

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.

Frederiksberg, 8 June 2017

Managing Director

Luís Martín Toledano Númez

Board of directors

Nicolas Contoner y Martos	Carlos Luis Rodriguez-San Pedro y Martos	Luís Martín Toledano Númez

Independent auditor's report

To the shareholder of Marzabal Denmark ApS

Auditor's report on the annual accounts

Opinion

We have audited the annual accounts of Marzabal Denmark ApS for the financial year 1 January to 31 December 2016, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2016 and of the results of the company's operations for the financial year 1 January to 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 and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities 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. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

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

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- *Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*

- *Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.*

- *Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 company to cease to continue as a going concern.*

- *Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Emphasis of matter regarding the Danish Bookkeeping Act

The Company has not during the year complied with the Danish Bookkeeping Act in respect of performing the bookkeeping based on appropriate bookkeeping practices. Furthermore the Company has not complied with the requirements regarding storing bookkeeping documentation outside of Denmark. Accordingly the Management may be held liable for not complying with the Act.

Copenhagen, 8 June 2017

Redmark
State Authorised Public Accountants
Company reg. no. 29 44 27 89

Henrik J. Thomsen
State Authorised Public Accountant

Company data

The company	Marzabal Denmark ApS c/o Redmark, Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg
	Company reg. no. 30 27 61 67 *Domicile:* *Frederiksberg* *Financial year:* *1 January 2016 - 31 December 2016* *10th financial year*
Board of directors	Nicolas Contoner y Martos Carlos Luis Rodriguez-San Pedro y Martos Luís Martín Toledano Núnez
Managing Director	Luís Martín Toledano Núnez
Auditors	Redmark, Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg
Parent company	Marzabal Spain SL
Subsidiary	Ketten S.à.r.l., Luxembourg

Management's review

The principal activities of the company

The principal activity of the Company is to acquire, rent and dispose of real estate properties and, directly or indirectly, to carry out any other activities which, in the opinion of the Managing Director are related thereto.

Uncertainties as to recognition or measurement

Please refer to note 1.

Development in activities and financial matters

The gross loss for the year is EUR -1.517.676 against EUR -333.173 last year. The results from ordinary activities after tax are EUR 1.559.632 against EUR 323.422 last year. The management consider the results satisfactory.

Events subsequent to the financial year

The Management is considering a cross-border transfer of the Company to Luxembourg. The transfer is expected to be performed during 2017.

Accounting policies used

The annual report for Marzabal Denmark ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The company has implementet the changes to the regulations of the Danish Financial Statements Act. The changes pply from January 1, 2016, according to law number 738 of June 1, 2015. The Changes have not had any effect on the companys assets, liabilities or financial position at December 31, 2016, ut only resulted in futher information in the annual report.

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.

The profit and loss account

Gross loss

The gross loss comprises the net turnover/rent income, other operating income, and external costs.

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.

Other external costs comprise costs for administration etc.

Costs concerning investment properties
Costs concerning investment properties comprise operation costs, repair and maintenance costs, taxes, charges and other costs.

Value adjustment of investment property
Value adjustment of investment property comprises value adjustments of properties at fair value and gain or loss from disposal of properties.

Net financials
Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Dividend from equity investments is recognised in the financial year where the dividend is declared.

Tax of the results for the year
The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

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.

Hereafter, investment properties are measured individually at an estimated fair value. The properties are measured using a return-based model, by which the expected future cash flows for the next year along with a rate of return determined by an external assessor form the basis for the fair value of the properties. Compared to the latest financial year, the method of measurement used remains unchanged.

Costs which add new or improved qualities to an investment property compared to its condition at the time of acquisition and which thereby improves the future return on the property are added to the cost as an improvement. Costs which do not add new or improved qualities to an investment property are recognised in the profit and loss account in the item "Other external costs / Gross Result".

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

Value adjustments are recognised in the profit and loss account in the item "Value adjustments of property".

Financial fixed assets

Equity investments in group enterprises and associated enterprises

Equity investments in group enterprises and associated enterprises are measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

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.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Liabilities relating to investment properties are measured at amortised cost.

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Profit and loss account 1 January - 31 December

All amounts in EUR.

Note		2016	2015
	Gross loss	**-1.517.676**	**-333.173**
	Value adjustment of investment property	3.038.575	930.000
	Operating profit	**1.520.899**	**596.827**
2	*Other financial income from group enterprises*	427.897	379.839
	Other financial income	71	0
	Writedown relating to financial assets	-7.293	0
3	*Other financial costs*	-229.973	-509.273
	Results before tax	**1.711.601**	**467.393**
4	*Tax on ordinary results*	-151.969	-143.971
	Results for the year	**1.559.632**	**323.422**
	Proposed distribution of the results:		
	Dividend for the financial year	0	1.200.000
	Allocated to results brought forward	1.559.632	0
	Allocated from results brought forward	0	-876.578
	Distribution in total	**1.559.632**	**323.422**

Balance sheet 31 December

All amounts in EUR.

Note	*Assets*	2016	2015
	Fixed assets		
5	*Investment property*	28.200.000	46.230.000
	Tangible fixed assets in total	28.200.000	46.230.000
6	*Equity investments in group enterprises*	0	7.293
	Financial fixed assets in total	0	7.293
	Fixed assets in total	**28.200.000**	**46.237.293**
	Current assets		
	Trade debtors	8.594	319.218
	Amounts owed by group enterprises	6.350.416	15.206.676
	Other debtors	1.083.205	3.797
	Accrued income and deferred expenses	16.978	134.462
	Debtors in total	7.459.193	15.664.153
	Available funds	1.050.691	249.973
	Current assets in total	**8.509.884**	**15.914.126**
	Assets in total	**36.709.884**	**62.151.419**

Balance sheet 31 December

All amounts in EUR.

Note	***Equity and liabilities***	2016	2015
	Equity		
7	*Contributed capital*	100.000	102.000
	Results brought forward	21.239.065	36.477.433
	Proposed dividend for the financial year	0	1.200.000
	Equity in total	**21.339.065**	**37.779.433**
	Liabilities		
	Mortgage debt	13.840.000	14.300.000
	Long-term liabilities in total	13.840.000	14.300.000
8	*Liabilities*	460.000	8.884.900
	Prepayments received from customers	20.768	242.268
	Trade creditors	0	38.824
	Debt to group enterprises	403.470	0
	Corporate tax	84.829	150.868
	Other debts	561.752	529.196
	Accrued expenses and deferred income	0	225.930
	Short-term liabilities in total	1.530.819	10.071.986
	Liabilities in total	**15.370.819**	**24.371.986**
	Equity and liabilities in total	**36.709.884**	**62.151.419**

1 ***Uncertainties concerning recognition and measurement***

9 ***Mortgage and securities***

10 ***Contingencies***

Statement of changes in equity

All amounts in EUR.

	Contributed capital	*Results brought forward*	*Proposed dividend for the financial year*	*In total*
Equity 1 January 2016	102.000	36.477.433	1.200.000	37.779.433
Cash capital increase	0	3.200.000	0	3.200.000
Distributed dividend	0	0	-1.200.000	-1.200.000
Profit or loss for the year brought forward	0	1.559.632	0	1.559.632
Cash capital reduction	-2.000	-19.998.000	0	-20.000.000
	100.000	**21.239.065**	**0**	**21.339.065**

Notes

All amounts in EUR.

		2016	2015
1.	***Uncertainties concerning recognition and measurement***		

The company owns one property in Paris, France. Measurement of the property is made based on external valuation reports based on marked value considerations for similar properties, return and cash flow calculations. The management notes the natural major uncertainty in starting property at fair value.

		2016	2015
2.	***Other financial income from group enterprises***		
	Other financial income from Marzabal SL, Spain	422.737	375.051
	Other financial income from Bender S.à.r.l., Luxembourg	5.160	4.788
		427.897	**379.839**
3.	***Other financial costs***		
	Other financial costs	229.973	509.273
		229.973	**509.273**
4.	***Tax on ordinary results***		
	Tax of the results for the year, parent company	83.796	81.873
	Adjustment of tax for previous years	68.173	62.098
		151.969	**143.971**

Notes

All amounts in EUR.

		31/12 2016	31/12 2015
5.	***Investment property***		
	Cost 1 January 2016	56.525.451	56.525.451
	Additions during the year	908.169	0
	Disposals during the year	-24.008.219	0
	Cost 1 January 2016	**33.425.401**	**56.525.451**
	Fair value adjustment 1 January 2016	-10.295.451	-11.225.451
	Adjust of the year to fair value	-826.577	930.000
	Adjustment to fair value, assets disposed of	5.896.627	0
	Fair value adjustment 31 December 2016	**-5.225.401**	**-10.295.451**
	Book value 31 December 2016	**28.200.000**	**46.230.000**

A determination of the return from the individual properties is based on the expected rental income by fully leased property. Expected operating costs, administration costs and maintenance costs are deducted. The subsequent value is adjusted in respect of recognised lack of lease for a reasonable period and expected costs for decoration and large maintenance projects etc. Likewise, deposits and prepaid lease are added. The rates of return have been fixed on the basis of external brokers' evaluation of the market level.

Compared to the latest financial year, the methods of measurement used have not been changed.

The fixing of the market value (book value) is based on the following rates of return.

Weighted average rate of return	5,25%

Sensitivity analysis

Changes in the rates of return have a material effect on the measuring of investment property. An increase in rate of return could mean a decrease of market value. The market development may result in changed requirements to the return on real property.

An increase of the required rate of return by 1 percentage point would mean that the value of the investment properties is reduced. Consequently, the equity would also be reduced.

Notes

All amounts in EUR.

		31/12 2016	31/12 2015
6.	***Equity investments in group enterprises***		
	Acquisition sum, opening balance 1 January 2016	12.600	12.600
	Cost 31 December 2016	**12.600**	**12.600**
	Revaluations, opening balance 1 January 2016	-5.307	-5.307
	Write down during the year	-7.293	0
	Writedown 31 December 2016	**-12.600**	**-5.307**
	Book value 31 December 2016	**0**	**7.293**

The financial highlights for the enterprises according to the latest balance

	Share of ownership	*Equity EUR*	*Results for the year EUR*	*Book value at Marzabal Denmark ApS EUR*
Ketten S.à.r.l., Luxembourg	100 %	-5.546	-5.304	0

		31/12 2016	31/12 2015
7.	***Contributed capital***		
	Contributed capital 1 January 2016	102.000	102.000
	Cash capital reduction	-2.000	0
		100.000	**102.000**

The share capital consists of 1,000 shares, each with a nominal value of DKK 100.

8. ***Liabilities***

	Instalments first year	*Outstanding debt after 5 years*	*Debt in total 31 Dec 2016*	*Debt in total 31 Dec 2015*
Mortgage debt	460.000	11.170.000	14.300.000	23.184.900
	460.000	**11.170.000**	**14.300.000**	**23.184.900**

9. Mortgage and securities

As security for mortgage debts, DKK 14.3 million, mortgage has been granted on land and building representing a book value of DKK 28.2 million at 31 December 2016

Notes

All amounts in EUR.

10. Contingencies

Contingent liabilities

Warranty commitments and other contingent liabilities

At year end 2016 the Company has a pending tax case regarding Danish company taxes for the period 2013-2015. The Danish Tax Authorities have suggested a raise of the taxable income, the company estimate that the tax authorities will increase the income for the three years with approximately for EUR 135 thousand (DKK 1 million) corresponding to at tax expense of EUR 30 thousand (DKK 220 thousand). The Management has rejected the Danish Tax Authorities suggested increses, and expects to be able to continue deducting expenses regarding the administration etc. of the Danish Company.

One of the tenants of the properties in Paris has claimed that the company has obtained to high rent for the period 1 January 2013 to 31 December 2015. Accordingly they claim a return of some of the rentincrease paid in that period. On the other side the company claim to get paid for damages on the property. As the out come of these two cases against the tenant is uncertaint, the management has recorded the estimated effect in the Financial Statement 31 December 2016. The Company has not assumed any other liabilities, in excess of the liabilities resulting from its ordinary business.