

# 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 2015**

The annual report have been submitted and approved by the general meeting on the 21 June 2016.

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Luis Martin-Toledano Núñez  
Chairman of the meeting

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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**

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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 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.

Frederiksberg, 21 June 2016

### **Managing Director**

Luís Martín Toledano Núñez

### **Board of directors**

Nicolas Contoner y Martos

Carlos Luis Rodriguez-San Pedro  
y Martos

Luís Martín Toledano Núñez

## **The independent auditor's reports**

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### **To the shareholders of Marzabal Denmark ApS**

#### **Report on the annual accounts**

We have audited the annual accounts of Marzabal Denmark ApS for the financial year 1 January to 31 December 2015, 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.

#### **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 considered 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.

## **The independent auditor's reports**

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### **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.

### **Reports on other legal and regulatory requirements**

#### **Emphasis of matter paragraph on other matters**

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.

We note that the Management according to the Danish Companies Act has not been able to provide audit documentation, showing us that the Company has an approved Rules of Procedures for the Board of Directors, and accordingly the Management may be held liable.

### **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 performed 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, 21 June 2016

### **Redmark**

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

Henrik J. Thomsen

State Authorised Public Accountant

## Company data

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<b>The company</b>	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 2015 - 31 December 2015 9th financial year
<b>Board of directors</b>	Nicolas Contoner y Martos Carlos Luis Rodriguez-San Pedro y Martos Luís Martín Toledano Núñez
<b>Managing Director</b>	Luís Martín Toledano Núñez
<b>Auditors</b>	Redmark, Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg
<b>Parent company</b>	Marzabal Spain SL
<b>Subsidiary</b>	Ketten S.à.r.l., Luxembourg

## **Management's review**

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### **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 -333.173 against EUR 1.738.639 last year. The results from ordinary activities after tax are EUR 323.422 against EUR 964.198 last year. The management consider the results satisfactory.

### **Events subsequent to the financial year**

The company has in April 2016 sold the property located 33 Rue du Mail in Paris. The property is measured at fair value in the Financial Statements as of 31 December 2015 and accordingly the sale has no significant effect on the profit and loss in 2016. No net income from the property will occur after the sale in 2016. The loan connected to this property EUR 8.495 thousand have been paid with the income from the sale. This loan is accordingly recorded as short term.

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

## **Accounting policies used**

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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.

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.



## Accounting policies used

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### 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 and liabilities attached to such properties, the liabilities being recognised at fair value and gain or loss from disposal of properties.

### 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.

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.

Fair value measurement is made on the basis of estimated rental income and expected operating costs, including scheduled maintenance. The return, cash flow and marked value considerations for similar properties in Paris are used in external valuation reports to measure the value of the properties. Compared to the latest financial year, the methods of measurement used have not been changed.

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.

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

## **Accounting policies used**

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### **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.

#### **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. In the period 2014 to 2016, the corporate tax rate will be reduced gradually from 25 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets. Unless a recognition with a different tax rate than 22 % will result in a significant material deviation in the estimated deferred tax liability or tax asset, deferred tax liabilities and assets are recognised by 22 %.

#### **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.

## **Accounting policies used**

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### **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

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All amounts in EUR.

<u>Note</u>	<u>2015</u>	<u>2014</u>
<b>Gross loss</b>	<b>-333.173</b>	<b>1.738.639</b>
Value adjustment of investment property	930.000	-493.000
<b>Operating profit</b>	<b>596.827</b>	<b>1.245.639</b>
Income from equity investments in group enterprises	0	-5.307
3 Other financial income from group enterprises	379.839	494.665
4 Other financial costs	-509.273	-599.180
<b>Results before tax</b>	<b>467.393</b>	<b>1.135.817</b>
Tax on ordinary results	-143.971	-171.619
<b>Results for the year</b>	<b>323.422</b>	<b>964.198</b>
 <b>Proposed distribution of the results:</b>		
Dividend for the financial year	1.200.000	0
Allocated to results brought forward	0	964.198
Allocated from results brought forward	-876.578	0
<b>Distribution in total</b>	<b>323.422</b>	<b>964.198</b>

## Balance sheet 31 December

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All amounts in EUR.

<b>Assets</b>			
<u>Note</u>		<u>2015</u>	<u>2014</u>
<b>Fixed assets</b>			
5	Investment property	46.230.000	45.300.000
	Tangible fixed assets in total	<u>46.230.000</u>	<u>45.300.000</u>
6	Equity investments in group enterprises	7.293	7.293
	Financial fixed assets in total	<u>7.293</u>	<u>7.293</u>
	<b>Fixed assets in total</b>	<b><u>46.237.293</u></b>	<b><u>45.307.293</u></b>
<b>Current assets</b>			
	Trade debtors	319.218	355.953
	Amounts owed by group enterprises	15.206.676	16.218.641
	Other debtors	3.797	3.781
	Accrued income and deferred expenses	134.462	159.307
	Debtors in total	<u>15.664.153</u>	<u>16.737.682</u>
	Available funds	<u>249.973</u>	<u>473.780</u>
	<b>Current assets in total</b>	<b><u>15.914.126</u></b>	<b><u>17.211.462</u></b>
	<b>Assets in total</b>	<b><u>62.151.419</u></b>	<b><u>62.518.755</u></b>

## Balance sheet 31 December

All amounts in EUR.

<b>Equity and liabilities</b>		<u>2015</u>	<u>2014</u>
<u>Note</u>			
<b>Equity</b>			
7	Contributed capital	102.000	102.000
8	Results brought forward	36.477.433	37.354.011
9	Proposed dividend for the financial year	1.200.000	0
	<b>Equity in total</b>	<b><u>37.779.433</u></b>	<b><u>37.456.011</u></b>
<b>Liabilities</b>			
	Mortgage debt	14.300.000	23.184.900
	Long-term liabilities in total	<u>14.300.000</u>	<u>23.184.900</u>
	Short-term part of long-term liabilities	8.884.900	1.083.200
	Prepayments received from customers	242.268	242.268
	Trade creditors	38.824	73.188
	Corporate tax	150.868	128.802
	Other debts	529.196	128.886
	Accrued expenses and deferred income	225.930	221.500
	Short-term liabilities in total	<u>10.071.986</u>	<u>1.877.844</u>
	<b>Liabilities in total</b>	<b><u>24.371.986</u></b>	<b><u>25.062.744</u></b>
	<b>Equity and liabilities in total</b>	<b><u>62.151.419</u></b>	<b><u>62.518.755</u></b>

**11 Mortgage and securities**

**12 Contingencies**

**13 Related parties**

## Statement of changes in equity

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All amounts in EUR.

	<u>Contributed capital</u>	<u>Results brought forward</u>	<u>Proposed dividend for the financial year</u>	<u>In total</u>
Equity 1 January 2015	102.000	37.354.011	0	37.456.011
Profit or loss for the year brought forward	<u>0</u>	<u>-876.578</u>	<u>1.200.000</u>	<u>323.422</u>
	<b><u>102.000</u></b>	<b><u>36.477.433</u></b>	<b><u>1.200.000</u></b>	<b><u>37.779.433</u></b>

## Notes

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All amounts in EUR.

	<u>2015</u>	<u>2014</u>
<b>1. Uncertainties concerning recognition and measurement</b>		
The company owns two properties in Paris, France. Measurement of the properties 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 and mortgages at fair value.		
<b>2. Subsequent events</b>		
The company has in April 2016 sold the property located 33 Rue du Mail in Paris. The property is measured at fair value in the Financial Statements as of 31 December 2015 and accordingly the sale has no significant effect on the profit and loss in 2016. No net income from the property will occur after the sale in 2016. The loan connected to this property EUR 8.495 thousand have been paid with the income from the sale. This loan is accordingly recorded as short term.		
No other events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.		
<b>3. Other financial income from group enterprises</b>		
Other financial income from Marzabal SL, Spain	375.051	489.073
Other financial income from Bender S.à.r.l., Luxembourg	<u>4.788</u>	<u>5.592</u>
	<b><u>379.839</u></b>	<b><u>494.665</u></b>
<b>4. Other financial costs</b>		
Other financial costs	<u>509.273</u>	<u>599.180</u>
	<b><u>509.273</u></b>	<b><u>599.180</u></b>



## Notes

All amounts in EUR.

	<u>31/12 2015</u>	<u>31/12 2014</u>
<b>5. Investment property</b>		
Cost 1 January 2015	56.355.451	56.525.451
<b>Cost 1 January 2015</b>	<b>56.355.451</b>	<b>56.525.451</b>
Fair value adjustment 1 January 2015	-11.225.451	-10.732.451
Adjust of the year to fair value	1.100.000	-493.000
<b>Fair value adjustment 31 December 2015</b>	<b>-10.125.451</b>	<b>-11.225.451</b>
<b>Book value 31 December 2015</b>	<b>46.230.000</b>	<b>45.300.000</b>
<b>6. Equity investments in group enterprises</b>		
Acquisition sum, opening balance 1 January 2015	12.600	12.600
<b>Cost 31 December 2015</b>	<b>12.600</b>	<b>12.600</b>
Revaluations, opening balance 1 January 2015	-5.307	0
Results for the year before goodwill amortisation	0	-5.307
<b>Writedown 31 December 2015</b>	<b>-5.307</b>	<b>-5.307</b>
<b>Book value 31 December 2015</b>	<b>7.293</b>	<b>7.293</b>

### The financial highlights for the enterprises according to the reporting for 2014

	Share of ownership	Equity EUR	Results for the year EUR
Ketten S.à.r.l., Luxembourg	100 %	7.293	-5.307

## Notes

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All amounts in EUR.

	<u>31/12 2015</u>	<u>31/12 2014</u>
<b>7. Contributed capital</b>		
Contributed capital 1 January 2015	102.000	102.000
	<b>102.000</b>	<b>102.000</b>

The share capital consists of 1,020 shares, each with a nominal value of DKK 100.

There have been no changes in the share capital during the last 5 years.

<b>8. Results brought forward</b>		
Results brought forward 1 January 2015	37.354.011	36.389.813
Profit or loss for the year brought forward	-876.578	964.198
	<b>36.477.433</b>	<b>37.354.011</b>

<b>9. Proposed dividend for the financial year</b>		
Dividend for the financial year	1.200.000	0
	<b>1.200.000</b>	<b>0</b>

	<u>Instalments first year</u>	<u>Outstanding debt after 5 years</u>	<u>Debt in total 31 Dec 2015</u>	<u>Debt in total 31 Dec 2014</u>
<b>10. Liabilities</b>				
Mortgage debt	8.884.900	11.980.000	23.184.900	24.268.100
	<b>8.884.900</b>	<b>11.980.000</b>	<b>23.184.900</b>	<b>24.268.100</b>

### 11. Mortgage and securities

As security for mortgage debts, DKK 23.2 million, mortgage has been granted on land and buildings representing a book value of DKK 46.4 million at 31 December 2015.

## Notes

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All amounts in EUR.

### 12. Contingencies

#### Contingent liabilities

At year end 2015 the Company has a pending tax case regarding Danish company taxes for the period 2009-2012. The Danish Tax Authorities have suggested a raise of the taxable income for EUR 0.7 million (DKK 5.1 million) corresponding to a tax expense of EUR 0.2 million (DKK 1,3 million).

The Management has rejected the Danish Tax Authorities suggested increases, 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 too high rent for the period 1 January 2013 to 31 December 2015. Accordingly they claim a return of some of the rent increase paid in that period. On the other side the company claims to get paid for damages on the property. As the outcome of these two cases against the tenant is uncertain, the management has recorded the estimated effect in the Financial Statement 31 December 2015.

The Company has not assumed any other liabilities, in excess of the liabilities resulting from its ordinary business.

### 13. Related parties

#### Ownership

According to the company's list of shareholders, the following shareholders own a minimum of 5 % of the voting rights or a minimum of 5 % of the share capital:

Marzabal SL, Calle Marqués del Duero, 728900-Madrid, Spain