

Crowne Plaza Copenhagen Towers A/S

Ørestads Boulevard 114-116, 2300 København S

CVR No. 30 54 80 43



Annual report for the year ended 31 December 2015

Approved at the annual general meeting of shareholders on 13 May 2016

Chairman:

Mette Kapsch



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Management's review

Financial highlights

5-year summary (in DKK , except per share data):

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Key figures (in DKK)					
Gross margin	40,686,872	39,818,486	43,419,529	40,635,924	34,701,025
Operating profit/loss	-619,870	-646,647	4,682,278	1,846,456	-2,921,000
Net financials	-4,001	7,917	-5,331,722	-2,899,843	-1,918,510
Profit/loss for the year	-593,796	-525,664	-649,444	-803,421	-1,085,931
Balance sheet total	86,070,765	87,090,184	81,271,424	56,121,523	56,080,735
Equity	3,469,930	4,063,726	4,589,390	5,238,835	6,042,256
Average number of employees	124	129	131	118	88
Financial ratios in %					
Return on assets	-0.7	-0.8	6.8	3.3	-5.1
Equity ratio	4.0	4.7	5.6	9.3	10.8
Return on equity	-15.8	-12.1	-13.2	-14.2	-16.5



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continued - Management's review

Operating review

The Company's business review

The objective of the Company is to operate hotels.

Financial review

In 2015, the Company continued the co-operation with the world's largest hotel company group, Intercontinental Hotel Group (IHG).

The income statement for 2015 shows a loss of DKK 593,796 against a loss of DKK 525,659 last year, and the balance sheet at 31 December 2015 shows equity of DKK 3,469,930.

The negative development in operating loss compared to last year is mainly due to business disruptions to the conference business, caused by the conference rooms being closed for a longer period due to noise from the construction of Copenhagen Towers Phase 2.

In 2015, the hotel could take full year advantage of being part of the BC Hospitality operational model, and as on-property costs was also well controlled throughout the year, GOP (gross operating profit) improved by 3 % compared to 2014.

In 2015, IHG Guest Satisfaction Survey improved over the year and went from score 82,85 in 2014 to 83,73 in 2015. Tripadvisor score remained at high level and ranked number 5 out of 117 hotels in Copenhagen.

The Company's financial position at 31 December 2015 and the results of the activities of the Company for the financial year for 2015 have not been affected by any unusual events except from the above mentioned construction noise.

Non-financial matters

Special risks

Significant uncertainties and cash resources

In 2012, the Copenhagen Skyline Group entered into financing agreements with the Group's bank. The financing agreements comprise financing for the phase-in of the Crowne Plaza Hotel and is due for renegotiation in 2017.

It is Management's assessment that the operations of Crowne Plaza Copenhagen Towers A/S and the agreed credit facility means that the necessary liquidity is available for the Company to meet its obligations when they fall due, and to cover the necessary working capital until the presentation of the financial statements for 2016.

Impact on the external environment

Environment, social responsibility and sustainability

The Company continued working proactively on reducing its environmental impact resulting from the Company's activities, and in connection with the CSR certification, action plans were prepared in this respect. The plans contain goals for the reduction of waste, reduction of CO2 emissions from the Company's transport needs and a targeted effort to improve the environmental initiatives at the Company's suppliers.

These plans and standards are based on the principles of the UN Global Compact, and also include industry-specific sustainability requirements. The Danish Standard 49001 certification and ISO 14001 certification were renewed in 2015.

The hotel also participated in the "Great Place to Work" team member satisfaction survey with a positive score of 77% in Trust Index, this ranked the hotel as being top 30 of Denmark's best places to work.

Post balance sheet events

No events materially affecting the assessment of the financial statements have occurred after the balance sheet date.



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continued - Management's review

Outlook

The Company expects to continue to improve efficiency of the hotel operations during 2016. Investments in 2016 will focus on continued improvements in the guest experience together with focus on team and service performance. Orango Coffee Shop successfully opened in February 2016, new tenants will eventually and continuously move in to the new office towers, and construction of the new restaurant named BARK - is on-going, and is expected to open early May 2016. Management is confident that the Company will be able to deliver the expected results in 2016.



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Crowne Plaza Copenhagen Towers A/S for the financial year 1 January - 31 December 2015.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend the adoption of the annual report at the annual general meeting.

Copenhagen, 13 May 2016

Executive Board

Allan L. Agerholm

Pernille Damm Nielsen

Board of Directors:

Oscar Claudius Crohn
Chairman

David Overby

Mette Kapsch



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Independent auditors' report

To the shareholder of Crowne Plaza Copenhagen Towers A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Crowne Plaza Copenhagen Towers A/S for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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. Further, Management is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by Management as well as the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.



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continued - Independent auditors' 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 other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 13 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab

Anders Stig Lauritsen
State Authorised Public Accountant

Peter Jensen
State Authorised Public Accountant



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Income statement for the year ended 31 December

Notes	2015 DKK	2014 DKK
Gross profit	40,686,872	39,818,486
3 Staff costs	-40,991,838	-40,104,206
Amortisation/depreciation of intangible assets and property, plant and equipment	<u>-314,904</u>	<u>-360,927</u>
Operating profit/loss	-619,870	-646,647
4 Financial income	0	13,108
5 Financial expenses	<u>-4,001</u>	<u>-5,191</u>
Profit/loss before tax	-623,871	-638,730
6 Tax for the year	<u>30,075</u>	<u>113,066</u>
Profit/loss for the year	<u><u>-593,796</u></u>	<u><u>-525,664</u></u>
Recommended appropriation of the profit/loss for the year		
Retained earnings	<u><u>-593,796</u></u>	<u><u>-525,664</u></u>



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Balance sheet at 31 December

Notes	2015 DKK	2014 DKK
Assets		
Fixed assets		
Acquired intangible assets	<u>1,224,660</u>	<u>1,313,190</u>
⁷ Intangible assets	<u>1,224,660</u>	<u>1,313,190</u>
Other fixtures and fittings, tools and equipment	<u>1,332,811</u>	<u>727,733</u>
⁸ Property, plant and equipment	<u>1,332,811</u>	<u>727,733</u>
Deposits	<u>22,639,775</u>	<u>22,639,775</u>
Investments	<u>22,639,775</u>	<u>22,639,775</u>
Total fixed assets	<u>25,197,246</u>	<u>24,680,698</u>
Current assets		
Manufactured goods and goods for resale	<u>929,020</u>	<u>984,527</u>
Inventories	<u>929,020</u>	<u>984,527</u>
Trade receivables	9,702,454	12,449,448
Receivables from group entities	44,090,829	38,264,975
Income taxes receivable	30,075	0
Other receivables	1,280,940	278,479
⁹ Prepayments	<u>1,576,082</u>	<u>915,048</u>
Receivables	<u>56,680,380</u>	<u>51,907,950</u>
Cash	<u>3,264,119</u>	<u>9,517,009</u>
Total current assets	<u>60,873,519</u>	<u>62,409,486</u>
Total assets	<u>86,070,765</u>	<u>87,090,184</u>



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Balance sheet at 31 December

Notes	2015 DKK	2014 DKK
Equity and liabilities		
Equity		
10 Share capital	750,000	750,000
Retained earnings/Accumulated loss	<u>2,719,930</u>	<u>3,313,726</u>
Total equity	<u>3,469,930</u>	<u>4,063,726</u>
Liabilities		
Payables to group entities	<u>69,004,228</u>	<u>69,004,228</u>
11 Long-term liabilities	<u>69,004,228</u>	<u>69,004,228</u>
Trade payables	7,629,578	9,929,491
12 Deferred income	1,224,640	734,536
Other payables	<u>4,742,389</u>	<u>3,358,203</u>
Short-term liabilities	<u>13,596,607</u>	<u>14,022,230</u>
Total liabilities	<u>82,600,835</u>	<u>83,026,458</u>
Total equity and liabilities	<u>86,070,765</u>	<u>87,090,184</u>



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Statement of changes in equity

(DKK)	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1/1 2015	750,000	3,313,726	4,063,726
Profit/loss for the year, cf. appropriation of profit/loss	<u>0</u>	<u>-593,796</u>	<u>-593,796</u>
Equity at 31/12 2015	<u>750,000</u>	<u>2,719,930</u>	<u>3,469,930</u>



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1. Accounting policies

The annual report of Crowne Plaza Copenhagen Towers A/S has been presented in accordance with the provisions applying to reporting class C (medium-sized) enterprises under the Danish Financial Statements Act.

The accounting policies applied by the company are consistent with those of last year.

Omission to present a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, CT Solstra ApS.

Reporting currency

Currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Income statement

Revenue

Revenue comprises income from hotel activities such as renting of rooms, conference facilities and income from restaurant activities etc.

Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation/depreciation of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The estimated useful lives for intangible assets are as follows:

	<u>Useful life (year)</u>
Acquired IP rights	20

The amortization period for intangible assets exceeds five years, as the license will run for 20 years.

1. Accounting policies - continued

Property, plant and equipment are depreciated on a straight-line basis over the expected useful life of each individual asset. The depreciation basis is the cost plus revaluations.

The expected useful lives of the assets are as follows:

	<u>Useful life (year)</u>
Other fixtures and fittings, tools and equipment	10

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the administration company.

Balance sheet

Intangible assets

Intangible assets include licenses and other acquired intangible rights.

Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Gains or losses on the sale of intangible assets are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses arising from the sale of items of property, plant and equipment are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the carrying amount at the time of sale.

1. Accounting policies - continued

Impairment of fixed assets

Every year, intangible assets and property, plant and equipment are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash comprises cash balances and bank balances.

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.



1. Accounting policies - continued

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.



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Notes

2. Capital resources

In 2012, the Copenhagen Skyline Group entered into financing agreements with the Group's bank. The financing agreements comprise financing for the phase-in of the Crowne Plaza Hotel and is due for renegotiation in 2017.

It is Management's assessment that the operations of Crowne Plaza Copenhagen Towers A/S and the agreed credit facility means that the necessary liquidity is available for the Company to meet its obligations when they fall due and to cover the necessary working capital until the presentation of the financial statements for 2016.

	2015 DKK	2014 DKK
3. Staff costs		
Analysis of staff costs:		
Wages/salaries	36,181,094	37,381,540
Pensions	3,132,218	3,092,583
Other social security costs	1,158,211	1,270,533
Staff costs recognized under other external costs	-7,646,267	-8,673,308
Other external costs recognized under staff costs	<u>8,166,582</u>	<u>7,032,858</u>
	<u>40,991,838</u>	<u>40,104,206</u>
	Number	Number
Average number of employees	<u>124</u>	<u>129</u>

Remuneration to Management is included in management fee and comprises DKK 629 thousand. In 2014, remuneration to management totalled DKK 1,200 thousand.

4. Financial income

Other interest income	<u>0</u>	<u>13,108</u>
	<u>0</u>	<u>13,108</u>

Due to the Group's financial situation, receivables from group enterprises do not carry interest.

5. Financial expenses

Other financial expenses	<u>4,001</u>	<u>5,191</u>
	<u>4,001</u>	<u>5,191</u>

Due to the Group's financial situation, payables to group enterprises do not carry interest.



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Notes

	2015 DKK	2014 DKK
6. Tax for the year		
Tax adjustments, prior years	<u>-30,075</u>	<u>-113,066</u>
	<u>-30,075</u>	<u>-113,066</u>
7. Intangible assets		
(DKK)		Acquired intangible assets
Cost		
Balance at 1/1 2015		<u>1,770,593</u>
Cost at 31/12 2015		<u>1,770,593</u>
Amortisation and impairment losses		
Balance at 1/1 2015		457,403
Amortisation in the year		<u>88,530</u>
Amortisation and impairment losses at 31/12 2015		<u>545,933</u>
Carrying amount at 31/12 2015		<u>1,224,660</u>
8. Property, plant and equipment		
(DKK)		Other fixtures and fittings, tools and equipment
Cost		
Balance at 1/1 2015		1,382,658
Additions in the year		<u>831,452</u>
Cost at 31/12 2015		<u>2,214,110</u>
Depreciation and impairment losses		
Balance at 1/1 2015		654,925
Depreciation in the year		<u>226,374</u>
Depreciation and impairment losses at 31/12 2015		<u>881,299</u>
Carrying amount at 31/12 2015		<u>1,332,811</u>



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Notes

9. Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, mainly including insurance policies, DKK 344,620 and management fee, DKK 717,870.

10. Share capital

The company's share capital has remained DKK 750,000 over the past 5 years.

11. Long-term liabilities

Analysis of long-term liabilities:

	Falling due between 1 and 5 years DKK	Falling due after more than 5 years DKK	Total long- term liabilities at 31/12 2015 DKK	Current portion of long-term liabilities DKK
Payables to group entities	<u>69,004,228</u>	<u>0</u>	<u>69,004,228</u>	<u>0</u>
	<u>69,004,228</u>	<u>0</u>	<u>69,004,228</u>	<u>0</u>

12. Deferred income

Deferred income comprises payments of deposits relating to roombookings, which will not be recognised as income until in the subsequent financial year once the recognition criteria are satisfied.

13. Contingent liabilities and other financial obligations

Contingent liabilities vis-à-vis the parent and its other subsidiaries

The Company has entered into a lease with the associated company Copenhagen Towers ApS. The lease became effective in November 2009 and can be terminated for expiry no earlier than 20 years after the actual effective date of the lease. The lease comprises an annual basic rent of DKK 27 million for the next year and subsequently DKK 45.3 million before rent compensation, if relevant.

The Company is jointly taxed with the other Danish companies in the CT Solstra Group. As a wholly-owned subsidiary, together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish company tax, withholding taxes on dividends and interests which amounts to 0 t.kr. at 31 December 2015.

Other financial obligations

The Company has entered into operating leases regarding service agreements, vehicle leasing etc. with a remaining term of 1-24 months and a total residual lease commitment at 31 December 2015 of DKK 963 thousand (DKK 1,828 thousand in 2014).



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Notes

14. Related parties

Information about related parties with a controlling interest:

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
CPH Hotel Management Holding ApS	Copenhagen	Participating interest

Information about consolidated financial statements:

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent's consolidated financial statements</u>
CT Solstra ApS	Copenhagen	Erhvervsstyrelsen

Related party transactions not carried through on normal market terms:

As a result of the Company's financial situation, no interest calculation has been applied to receivables and payables to affiliates.

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
CPH Hotel Management Holding ApS	København