

**Hotelcityb ApS under tvangsopløsning  
Central Business Registration No  
31050405**

**Annual report 2015/16**

The Annual General Meeting adopted the annual report on 09.06.2017

**Chairman of the General Meeting**

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Name: Jakov Dolgoj

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## **Entity details**

### **Entity**

Hotelcityb ApS under tvangsopløsning  
Grønnevang 53  
2970 Hørsholm

Central Business Registration No: 31050405

Registered in: Hørsholm

Financial year: 01.10.2015 - 30.09.2016

### **Executive Board**

Jakov Dolgoj, Director

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab  
Dokken 8  
Postbox 200  
6701 Esbjerg

## **Statement by Management on the annual report**

The Executive Board have today considered and approved the annual report of Hotelcityb ApS under tvangsopløsning for the financial year 01.10.2015 - 30.09.2016.

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

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2016 and of the results of its operations for the financial year 01.10.2015 - 30.09.2016.

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

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

Hørsholm, 09.06.2017

### **Executive Board**

Jakov Dolgoj  
Director

## **Independent auditor's reports**

### **To the owners of Hotelcityb ApS under tvangsopløsning**

#### **Report on extended review of the financial statements**

We have performed an extended review of the financial statements of Hotelcityb ApS under tvangsopløsning for the financial year 01.10.2015 – 30.09.2016. The financial statements, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity Hotelcityb ApS under tvangsopløsning and notes, 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, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and the ethical rules of FSR – Danish Auditors and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

The extended review has not resulted in any qualification.

#### **Opinion**

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2016 and of the results of its operations for the financial year 01.10.2015 - 30.09.2016 in accordance with the Danish Financial Statements Act.

## **Independent auditor's reports**

### **Statement on the management commentary**

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the extended review of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Esbjerg, 09.06.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Kim Ladegaard  
State Authorised Public Accountant

## **Management commentary**

### **Primary activities**

The Entity's object is to acquire and develop properties in Berlin.

### **Development in activities and finances**

The results generated for the year are up to expectations.

During the year, the Company has realised a profit of DKK 3,608,151, which was expected.

The investment property in Berlin has been measured at DKK 89.4m at 30.09.2016. The required rate of return applied is 5.0%.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## **Accounting policies**

### **Reporting class**

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

### **Recognition and measurement**

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

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

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### **Income statement**

#### **Gross profit or loss**

Gross profit or loss comprises revenue and external expenses.

#### **Revenue**

Revenue comprises income from rental of real property.



## Accounting policies

### Fair value adjustment of investment properties and related financial liabilities

Fair value adjustment of investment properties and related financial liabilities comprises adjustments for the financial year of the Entity's investment properties and related financial liabilities such as debt to mortgage credit institutions and bank loans at fair value.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including administrative expenses.

### 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.

### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

## Balance sheet

### Investment properties

On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus any directly related acquisition costs.

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

## Accounting policies

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.

Measurement of the investment property in Berlin is based on the budgeted Nettokaltmiete for the coming year. The individual property's net income is capitalised using a required rate of return fixed for each property. The required rate of return for the property in Berlin has been fixed at 5,0%.

The properties' calculated fair values are then assessed individually, and the properties for which the market value is estimated to be lower than the calculated fair value are written down.

### Receivables

Receivables are measured at amortised cost, usually equaling nominal value less write-downs for bad and doubtful debts.

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Other financial liabilities

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

**Income statement for 2015/16**

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
<b>Gross profit</b>		<b>4,230,333</b>	<b>3,751,120</b>
Fair value adjustments of investment property		0	7,488,030
<b>Operating profit/loss</b>		<b>4,230,333</b>	<b>11,239,150</b>
Income from investments in group enterprises		0	6,938,285
Other financial expenses	1	(622,182)	(3,764,781)
<b>Profit/loss from ordinary activities before tax</b>		<b>3,608,151</b>	<b>14,412,654</b>
Tax on profit/loss from ordinary activities	2	0	(2,329,500)
<b>Profit/loss for the year</b>		<b>3,608,151</b>	<b>12,083,154</b>
 <b>Proposed distribution of profit/loss</b>			
Retained earnings		3,608,151	12,083,154
		<b>3,608,151</b>	<b>12,083,154</b>

**Balance sheet at 30.09.2016**

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Investment property		89,400,000	89,400,000
<b>Property, plant and equipment</b>	3	<u>89,400,000</u>	<u>89,400,000</u>
<b>Fixed assets</b>		<u>89,400,000</u>	<u>89,400,000</u>
Other short-term receivables		327,857	29,225
Prepayments		939,259	16,474
<b>Receivables</b>		<u>1,267,116</u>	<u>45,699</u>
<b>Cash</b>		<u>3,102,213</u>	<u>19</u>
<b>Current assets</b>		<u>4,369,329</u>	<u>45,718</u>
<b>Assets</b>		<u>93,769,329</u>	<u>89,445,718</u>

**Balance sheet at 30.09.2016**

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
Contributed capital		125,000	125,000
Retained earnings		24,007,111	20,350,185
<b>Equity</b>		<b><u>24,132,111</u></b>	<b><u>20,475,185</u></b>
Provisions for deferred tax		3,794,000	3,794,000
<b>Provisions</b>		<b><u>3,794,000</u></b>	<b><u>3,794,000</u></b>
Bank loans		62,882,142	65,085,650
Trade payables		60,000	0
Debt to associates		2,842,609	0
Other payables		58,467	90,883
<b>Current liabilities other than provisions</b>		<b><u>65,843,218</u></b>	<b><u>65,176,533</u></b>
<b>Liabilities other than provisions</b>		<b><u>65,843,218</u></b>	<b><u>65,176,533</u></b>
<b>Equity and liabilities</b>		<b><u><u>93,769,329</u></u></b>	<b><u><u>89,445,718</u></u></b>

Assets charged and collateral

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**Statement of changes in equity for 2015/16**

	<b>Contributed capital DKK</b>	<b>Retained ear- nings DKK</b>	<b>Total DKK</b>
Equity beginning of year	125,000	20,350,185	20,475,185
Exchange rate adjustments	0	48,775	48,775
Profit/loss for the year	0	3,608,151	3,608,151
<b>Equity end of year</b>	<b>125,000</b>	<b>24,007,111</b>	<b>24,132,111</b>

## Notes

	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
<b>1. Other financial expenses</b>		
Interest expenses	622,182	3,571,212
Exchange rate adjustments	0	193,569
	<u>622,182</u>	<u>3,764,781</u>
	<u>2015/16 DKK</u>	<u>2014/15 DKK</u>
<b>2. Tax on ordinary profit/loss for the year</b>		
Change in deferred tax for the year	0	2,329,500
	<u>0</u>	<u>2,329,500</u>
		<u>Investment property DKK</u>
<b>3. Property, plant and equipment</b>		
Cost beginning of year		76,754,993
<b>Cost end of year</b>		<u>76,754,993</u>
Fair value adjustments beginning of year		12,645,007
<b>Fair value adjustments end of year</b>		<u>12,645,007</u>
<b>Carrying amount end of year</b>		<u>89,400,000</u>

As described under accounting policies, investment property is measured at fair value using the return based model. The required rate of return for the Entity's property is 5.0% at 30.09.2016 (5.0% at 30.09.2015). If the required return rate is increased by 0.25%, this would reduce fair value by DKK 563k.

An external valuation expert was engaged to determine fair value in 2014/15.

The Investment property is a hotel located in Berlin, Germany. For the present all tenancies are leased.

The annual expected market rent is 1.4 t.DKK/m<sup>2</sup> and the property is valued to 18.5 t.DKK/m<sup>2</sup>.

## 4. Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor in the nominal amount of EUR 8,500,000 on the property.

## **Notes**

The carrying amount of the mortgaged property is DKK 89,400,000.