

Hotelcityb ApS
Grønnevang 53
2970 Hørsholm
Business Registration No
31050405

**Annual report 01.10.2017
- 30.09.2018**

The Annual General Meeting adopted the annual report on 25.11.2019

Chairman of the General Meeting

Name: Jakov Dolgoj

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Entity details

Entity

Hotelcityb ApS
Grønnevang 53
2970 Hørsholm

Central Business Registration No (CVR): 31050405

Registered in: Hørsholm

Financial year: 01.10.2017 - 30.09.2018

Executive Board

Jakov Dolgoj

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 for the financial year 01.10.2017 - 30.09.2018.

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 30.09.2018 and of the results of its operations for the financial year 01.10.2017 - 30.09.2018.

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, 25.11.2019

Executive Board

Jakov Dolgoj

Independent auditor's extended review report

To the shareholders of Hotelcityb ApS

Modified conclusion

We have performed an extended review of the financial statements of Hotelcityb ApS for the financial year 01.10.2017 - 30.09.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, except for the possible effects of the matters described in the "Basis for modified conclusion" section of this extended review report, the financial statements give a true and fair view of the Entity's financial position at 30.09.2018 and of the results of its operations for the financial year 01.10.2017 - 30.09.2018 in accordance with the Danish Financial Statements Act.

Basis for modified conclusion

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. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section of this extended review report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our modified conclusion.

Emphasis of matter affecting the financial statements

According to its recording system, the Entity holds cash of t.DKK 723. We did not during our extended review receive appropriate documentation of the existence of such cash at 30.09.2018, and consequently we were not able to audit the Entity's cash at 30.09.2018 for existence.

The company has a receivable from owners and management of t.DKK 3.727. We were during the extended review not able to audit the valuation of receivables from owners and management.

Management's responsibilities 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.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Independent auditor's extended review report

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Violation of Danish corporate law and similar legislation

Contrary to the Danish Public Companies Act, the Entity has granted a loan to the Executive board, the parent company who holds less than 50 % of the shares, and the owner of the parent company for which the management may be held liable. The loans granted have not been calculated of interest according to Danish corporation tax act.

We did not during our extended review obtain the Entity's articles of association and minutes of the annual general meeting for which the management may be held liable.

Independent auditor's extended review report

Esbjerg, 25.11.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Kim Ladegaard

State Authorised Public Accountant

Identification No (MNE) mne32799

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 2,782 which was expected.

The investment property in Berlin has measured at DKK 91,695 at 30.09.2018. The required rate of return applied is 5.6%.

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.

Income statement for 2017/18

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Gross profit		4.616.435	3.864.627
Other financial expenses		<u>(1.834.830)</u>	<u>(1.664.487)</u>
Profit/loss before tax		2.781.605	2.200.140
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
Profit/loss for the year		<u>2.781.605</u>	<u>2.200.140</u>
Proposed distribution of profit/loss			
Retained earnings		<u>2.781.605</u>	<u>2.200.140</u>
		<u>2.781.605</u>	<u>2.200.140</u>

Balance sheet at 30.09.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Investment property		91.695.445	90.752.996
Property, plant and equipment	1	<u>91.695.445</u>	<u>90.752.996</u>
Fixed assets		<u>91.695.445</u>	<u>90.752.996</u>
Other receivables		836.034	86.125
Receivables from owners and management	2	3.726.541	661.159
Prepayments		573.684	831.931
Receivables		<u>5.136.259</u>	<u>1.579.215</u>
Cash		<u>2.260.647</u>	<u>1.512.942</u>
Current assets		<u>7.396.906</u>	<u>3.092.157</u>
Assets		<u>99.092.351</u>	<u>93.845.153</u>

Balance sheet at 30.09.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Contributed capital		125.000	125.000
Retained earnings		<u>28.988.856</u>	<u>26.207.251</u>
Equity		<u>29.113.856</u>	<u>26.332.251</u>
Deferred tax		<u>3.794.000</u>	<u>3.794.000</u>
Provisions		<u>3.794.000</u>	<u>3.794.000</u>
Bank loans		60.611.055	61.794.647
Trade payables		60.000	60.000
Payables to associates		5.081.475	1.575.587
Other payables		<u>431.965</u>	<u>288.668</u>
Current liabilities other than provisions		<u>66.184.495</u>	<u>63.718.902</u>
Liabilities other than provisions		<u>66.184.495</u>	<u>63.718.902</u>
Equity and liabilities		<u>99.092.351</u>	<u>93.845.153</u>
Assets charged and collateral	3		

Statement of changes in equity for 2017/18

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125.000	26.207.251	26.332.251
Profit/loss for the year	0	2.781.605	2.781.605
Equity end of year	125.000	28.988.856	29.113.856

Notes

	Investment property DKK
	<u>DKK</u>
1. Property, plant and equipment	
Cost beginning of year	78.107.989
Additions	<u>942.449</u>
Cost end of year	<u>79.050.438</u>
Fair value adjustments beginning of year	<u>12.645.007</u>
Fair value adjustments end of year	<u>12.645.007</u>
Carrying amount end of year	<u>91.695.445</u>

As described under accounting policies, investment property is measured at fair value using the return based model. The required rate for the Entity's property is 5.6% at 30.09.2018 (5.0% at 30.09.2017). If the required return rate is increased by 0.25%, this would reduce the fair value by DKK 527k.

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

The floor area is 4,895 square meters with garage and restaurant.

The investment property is a 3 star hotel located in Berlin, Germany. For the present all tenancies are leased.

The annual market rent is 1.4k DKK/m² and the property is valued to 18.9k DKK/m².

	Executive Board	Total DKK
	<u>DKK</u>	<u>DKK</u>
2. Receivables from owners and management		
Receivables	640.043	640.043
Repaid during the year	21.116	21.116

3. 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.

The carrying amount of the mortgaged property is DKK 91,695,445 at 30.09.2018

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 to 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 rate 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, external expenses and property costs.

Revenue

Revenue comprises income from rental of real property.

Other external expenses

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

Accounting policies

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 financial expenses

Other financial expenses comprise interest expenses, net capital or exchange 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.

Tax on profit/loss for the year

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.

Balance sheet

Investment property

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

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

Fair value is determined by applying the yield-based model as the calculated value in use of expected cash flows from each property. When calculation values in use, a discount factor that reflects the current yields 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 Berling is based on the budgetet Nettokalmiete 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 of the property in Berling is 5.6%.

The properties' calculated fair value 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 equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

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

Accounting policies

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

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

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.