



CHRISTENSEN
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

CVR: 15 91 56 41

STORE KONGENSGADE 68
1264 KØBENHAVN K

TLF: 33 30 15 15
E-MAIL: CK@CK.DK
WEB: WWW.CK.DK

HotelCityB ApS

Fredtoftevej 10, 2980 Kokkedal

Company reg. no. 31 05 04 05

Annual report

1 October 2020 - 30 September 2021

The annual report was submitted and approved by the general meeting on the 16 March 2022.

Jakov Dolgoj
Chairman of the meeting



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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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 statement

Today, the managing director has presented the annual report of HotelCityB ApS for the financial year 1 October 2020 - 30 September 2021.

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

I consider the accounting policies appropriate and, in my opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 September 2021 and of the company's results of activities in the financial year 1 October 2020 – 30 September 2021.

I am of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Kokkedal, 16 March 2022

Managing Director

Jakov Dolgoj



Independent auditor's report

To the shareholders of HotelCityB ApS

Opinion

We have audited the financial statements of HotelCityB ApS for the financial year 1 October 2020 - 30 September 2021, which comprise income statement, statement of financial position, statement of changes in equity, notes and a summary of significant accounting policies,. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 30 September 2021 and of the results of the company's activities for the financial year 1 October 2020 - 30 September 2021 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, 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 can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 for one 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on 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 financial statements 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 financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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

Management is responsible for the Management's Review.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.



Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence 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.

Based on the work we have performed, we believe that Management's Review is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the Management's Review.

Copenhagen, 16 March 2022

Christensen Kjarulff Statsautoriseret Revisionsaktieselskab

Company reg. no. 15 91 56 41

Anders Ingemann Hansen
State Authorised Public Accountant
mne32726



Company information

The company

HotelCityB ApS
Fredtoftevej 10
2980 Kokkedal

Company reg. no. 31 05 04 05
Established: 6 November 2007
Domicile: Fredensborg
Financial year: 1 October 2020 - 30 September 2021

Managing Director

Jakov Dolgoj

Auditors

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Store Kongensgade 68
1264 København K

Parent company

Eyles Assets Limited, Cyprus



Management's review

The principal activities of the company

The principal activities of the company are to acquire and develop properties in Berlin.

Unusual circumstances

The company faces challenges and financial risks due to the Corona virus / COVID-19.

The hotel was fully re-opened in March 2021 after the imposed restrictions due to COVID-19. Since that time, the trading of the business has picked up very well, reaching high occupancy rates in August and September 2021, respectively.

Expectedly, the activity and rates have gone down with the onset of the Omicron variant and standard seasonal year-end trading in late 2021. However, the hotel operator expects trading activity based on its monitoring of its booking-system to reach normal levels again in the early spring 2022 and there are no foreseeable closures going forward.

The management believes that the company has the necessary liquidity and credit facilities to continue its operations.

Development in activities and financial matters

The gross profit for the year totals EUR 612.000 against EUR 629.000 last year. Income or loss from ordinary activities after tax totals EUR 405.000 against EUR -1.100.000 last year. Management considers the net profit or loss for the year satisfactory.



Income statement 1 October - 30 September

All amounts in EUR.

<u>Note</u>	<u>2020/21</u>	<u>2019/20</u>
Gross profit	611.516	628.575
1 Value adjustment of investment property	0	-1.460.000
Other financial income	28.896	28.852
Other financial costs	<u>-235.278</u>	<u>-227.076</u>
Pre-tax net profit or loss	405.134	-1.029.649
Tax on net profit or loss for the year	<u>0</u>	<u>-70.110</u>
Net profit or loss for the year	<u>405.134</u>	<u>-1.099.759</u>
Proposed appropriation of net profit:		
Allocated to results brought forward	405.134	360.241
Transferred to other reserves	<u>0</u>	<u>-1.460.000</u>
Total allocations and transfers	<u>405.134</u>	<u>-1.099.759</u>



Balance sheet at 30 September

All amounts in EUR.

Assets			
<u>Note</u>		<u>2021</u>	<u>2020</u>
Non-current assets			
2	Investment property	16.740.000	16.740.000
	Total property, plant, and equipment	16.740.000	16.740.000
3	Other receivables	1.052.220	937.199
	Total investments	1.052.220	937.199
	Total non-current assets	17.792.220	17.677.199
Current assets			
	Trade receivables	45.486	7.836
	Other receivables	687.837	674.736
	Prepayments and accrued income	54.101	66.365
	Total receivables	787.424	748.937
	Cash on hand and demand deposits	138.263	33.700
	Total current assets	925.687	782.637
	Total assets	18.717.907	18.459.836



Balance sheet at 30 September

All amounts in EUR.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Equity and liabilities		
Equity		
Contributed capital	16.779	16.779
Other reserves	5.932.175	5.932.175
Retained earnings	2.949.990	2.544.856
Total equity	<u>8.898.944</u>	<u>8.493.810</u>
Provisions		
Provisions for deferred tax	1.147.901	1.147.901
Total provisions	<u>1.147.901</u>	<u>1.147.901</u>
Liabilities other than provisions		
Bank loans	<u>0</u>	<u>7.685.198</u>
Total long term liabilities other than provisions	<u>0</u>	<u>7.685.198</u>
Current portion of long term payables	7.628.774	130.000
Trade payables	34.462	25.000
Payables to group enterprises	955.523	936.788
Other payables	45.163	41.139
Deferred income	7.140	0
Total short term liabilities other than provisions	<u>8.671.062</u>	<u>1.132.927</u>
Total liabilities other than provisions	<u>8.671.062</u>	<u>8.818.125</u>
Total equity and liabilities	<u>18.717.907</u>	<u>18.459.836</u>

5 Disclosures on fair value

4 Charges and security



Statement of changes in equity

All amounts in EUR.

	<u>Contributed capital</u>	<u>Reserve for fair value</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 October 2019	16.779	7.392.175	2.184.537	9.593.491
Correction due to changes in accounting policies	0	0	78	78
Retained earnings	0	-1.460.000	360.241	-1.099.759
Equity 1 October 2020	<u>16.779</u>	<u>5.932.175</u>	<u>2.544.856</u>	<u>8.493.810</u>
Retained earnings	<u>0</u>	<u>0</u>	<u>405.134</u>	<u>405.134</u>
	<u>16.779</u>	<u>5.932.175</u>	<u>2.949.990</u>	<u>8.898.944</u>



Notes

All amounts in EUR.

	<u>2020/21</u>	<u>2019/20</u>
1. Value adjustment of investment property		
Value adjustment arising from change in required rate of return	<u>0</u>	<u>-1.460.000</u>
	<u>0</u>	<u>-1.460.000</u>
2. Investment property		
Cost 1 October 2020	<u>10.604.966</u>	<u>10.604.966</u>
Cost 30 September 2021	<u>10.604.966</u>	<u>10.604.966</u>
Fair value adjustment 1 October 2020	6.135.034	7.595.034
Adjustments to fair value for the year	<u>0</u>	<u>-1.460.000</u>
Fair value adjustment 30 September 2021	<u>6.135.034</u>	<u>6.135.034</u>
Carrying amount, 30 September 2021	<u>16.740.000</u>	<u>16.740.000</u>

The company's investment property consists of 1 commercial property used as a 3-star Hotel with a total size of 4.895 m² in Berlin, Germany. The property was built in 1996 and in 2010, a major renovation took place. In 2014 and 2017/18 several rooms and the lobby were modernized as well as a restaurant/café area has been established and the number of rooms has increased to a total of 133 rooms. The entire property including parking lot are leased to a hotel manager and a restaurateur.

The investment property is according to the description in the accounting policies used - like previous years - measured at fair value based on the return-based model.

The rate applied for the investment property is 4,0% as per 30 September 2021 (4,0% as per 30.09.20).

Sensitivity analysis:

An increase of the required rate of return by 0,5 percentage point would mean a reduction of the value of the investment property of 175 t.EUR.



Notes

All amounts in EUR.

	<u>30/9 2021</u>	<u>30/9 2020</u>
3. Other receivables		
Cost 1 October 2020	937.199	0
Additions during the year	<u>115.021</u>	<u>937.199</u>
Cost 30 September 2021	<u>1.052.220</u>	<u>937.199</u>
Carrying amount, 30 September 2021	<u>1.052.220</u>	<u>937.199</u>
Der specificeres således:		
Other long-term receivables	726.181	710.000
Long-term trade receivables	<u>326.039</u>	<u>227.199</u>
	<u>1.052.220</u>	<u>937.199</u>
4. Charges and security		
As collateral for mortgage loans, 8.500 t.EUR, security has been granted on land and buildings representing a carrying amount of 16.740 t.EUR at 30 September 2021.		
5. Disclosures on fair value		
		<u>Investment property</u>
Fair value at 30 September 2021		<u>16.740.000</u>
Change in fair value of the year recognised in the statement of financial activity		<u>0</u>
Change in fair value of the year recognised in the equity		<u>0</u>



Accounting policies

The annual report for HotelCityB ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from the previous year, and the annual report is presented in euro (EUR).

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the average exchange rate for the financial year. Exchange rate differences are recognised in the income statement as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.



Accounting policies

Income statement

Gross profit

Gross profit comprises the lease income, external costs and property costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Lease income comprises income from the lease of property and from overhead costs collected and is recognised in the income statement for the period relating to the lease payment.

Costs concerning investment properties comprises operating costs, repair and maintenance costs, taxes, charges, and other costs which are not charged directly from the lessee.

Other external cost comprises costs relating to administration activities.

Value adjustment of investment property

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

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, debt and transactions in foreign currency.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Investment property

At the initial recognition, investment property is measured at cost, comprising the cost of the property and directly associated costs, if any.

Hereafter, investment properties are measured individually at an estimated fair value. The properties are measured using a returnbased model, by which the expected future cash flows for the following 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 previous financial year, the method of measurement remains unchanged.



Accounting policies

Costs adding new or improved qualities to an investment property compared to its condition at the time of acquisition, thereby improving 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 income statement under the item "Costs concerning investment property".

Like other property, plant, and equipment except for land, investment property has a limited economic life. The impairment taking place concurrently with the ageing of the investment property is reflected in the continuing measurement of the investment property at fair value.

Value adjustments are recognised in the income statement under the item "Value adjustments of property".

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.



Accounting policies

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.



Jakov Dolgoj
As Direktør

IP-address:

Time of signature: 18-03-2022 at: 15:37:51

Signed with esignatur EasySign



Jakov Dolgoj
As Direktør

IP-address:

Time of signature: 18-03-2022 at: 15:37:51

Signed with esignatur EasySign



Jakov Dolgoj
As Dirigent

IP-address:

Time of signature: 18-03-2022 at: 15:37:51

Signed with esignatur EasySign



Anders Ingemann Hansen

As Revisor

RID: 97239980

Time of signature: 18-03-2022 at: 15:42:12

Signed with NemID

NEM ID



Jakov Dolgoj
As Dirigent

IP-address:

Time of signature: 18-03-2022 at: 15:49:53

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