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KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
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HotelCityB ApS

Fredtoftevej 10, 2980 Kokkedal

Company reg. no. 31 05 04 05

Annual report

1 October 2018 - 30 September 2019

The annual report was submitted and approved by the general meeting on the 3 April 2020.

Jakov Dolgoj
Chairman of the meeting



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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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 DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.



Management's report

Today, the managing director has presented the annual report of HotelCityB ApS for the financial year 1 October 2018 - 30 September 2019 of HotelCityB ApS.

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 2019 and of the company's results of activities in the financial year 1 October 2018 – 30 September 2019.

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 by the general meeting.

Kokkedal, 31 March 2020

Managing Director

Jakov Dolgoj



Independent auditor's report

To the shareholders of HotelCityB ApS

Auditor's report on the financial statements

Opinion

We have audited the financial statements of HotelCityB ApS for the financial year 1 October 2018 - 30 September 2019, which comprise accounting policies, income statement, statement of financial position and notes. 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 2019 and of the results of the company's activities for the financial year 1 October 2018 - 30 September 2019 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 international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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

The management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. The 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, the 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 the management.
- Conclude on the appropriateness of the 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 commentary

The management is responsible for the management commentary.

Our opinion on and 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 commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary 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 commentary.

Reporting requirements in accordance with section 7 (2) of the Statutory Order

Breach of the Companies Act's provisions on shareholder loans and loans to management

In breach of section 210 (1) of the Companies Act, the company has granted loans to several of the shareholders whereby the management may incur liability. However, no further loans were granted during the financial year, only the addition of interest on loans already granted. In March 2020, repayment of the loans were made by payment to the company including interest in accordance with applicable regulations.

Breach of the Danish Bookkeeping Act

In breach of the Danish Bookkeeping Act, the company has not organized the bookkeeping with due care, whereby the company's cash and cash equivalents have been incorrectly calculated. The matter has been adjusted in connection with the audit.

Breach of the Danish Financial Statements Act

In breach of the Danish Financial Statements Act, the company has not prepared the audit report according to the time-limit, whereby the management may incur liability.

Copenhagen, 31 March 2020

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 2018 - 30 September 2019

Managing Director

Jakov Dolgoj

Auditors

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Store Kongensgade 68
1264 København K

Parent company

Eyles Assets Limited, Cyprus



Management commentary

The principal activities of the company

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

Development in activities and financial matters

The gross profit for the year totals DKK 5.189.000 against DKK 4.564.000 last year. Income from ordinary activities after tax totals DKK 42.044.000 against DKK 3.240.000 last year. Management considers the net profit for the year satisfactory.

The investment property in Berlin has been measured at DKK 135.884.840 at 30 September 2019. The required rate of return applied is 4,0 (5,6% in 2017/18).

Events occurring after the end of the financial year

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

Corona / COVID-19 has or may have a significant impact on the company's lessors and tenants of the Berlin property among other things as a result of the recommendations and orders given by the political team. Given the major uncertainty Corona / COVID-19 has created and the uncertainty about the duration of the situation, it is currently not possible to make a reasonable assessment of the financial consequences of the Corona crisis. On the same basis, it is not possible to express a sufficiently secure expectation of revenue and profit before tax.

So far, however, management believes that the company has the necessary liquidity and credit facilities to continue its operations.

Prior to the outbreak of Corona /COVID-19, expectations for 2020 were a result in line with 2019, before revaluation to fair value of the company's property in Berlin.



Income statement 1 October - 30 September

All amounts in DKK.

<u>Note</u>	<u>2018/19</u>	<u>2017/18</u>
Gross profit	5.188.767	4.564.402
1 Value adjustment of investment property	42.546.449	0
Other financial income	481.822	496.524
Other financial costs	<u>-1.919.647</u>	<u>-1.820.712</u>
Pre-tax net profit or loss	46.297.391	3.240.214
Tax on net profit or loss for the year	<u>-4.253.000</u>	<u>0</u>
Net profit or loss for the year	<u>42.044.391</u>	<u>3.240.214</u>
Proposed appropriation of net profit:		
Transferred to retained earnings	<u>42.044.391</u>	<u>3.240.214</u>
Total allocations and transfers	<u>42.044.391</u>	<u>3.240.214</u>



Statement of financial position at 30 September

All amounts in DKK.

Assets			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Non-current assets			
2	Investment property	135.884.841	91.695.445
	Total property, plant, and equipment	135.884.841	91.695.445
	Total non-current assets	135.884.841	91.695.445
Current assets			
	Trade receivables	1.419	34.959
	Other receivables	1.452.928	1.547.943
3	Receivables from owners and management	5.140.936	4.027.622
	Prepayments and accrued income	365.360	538.725
	Total receivables	6.960.643	6.149.249
	Cash on hand and demand deposits	3.444.946	1.716.330
	Total current assets	10.405.589	7.865.579
	Total assets	146.290.430	99.561.024



Statement of financial position at 30 September

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
4	Contributed capital	125.000	125.000
5	Retained earnings	71.501.920	29.457.529
	Total equity	71.626.920	29.582.529
Provisions			
	Provisions for deferred tax	8.047.000	3.794.000
	Total provisions	8.047.000	3.794.000
Liabilities other than provisions			
	Bank loans	58.396.300	59.640.449
	Total long term liabilities other than provisions	58.396.300	59.640.449
	Current portion of long term payables	970.606	970.606
	Trade payables	137.812	89.233
	Payables to group enterprises	6.857.102	5.081.475
	Other payables	254.690	402.732
	Total short term liabilities other than provisions	8.220.210	6.544.046
	Total liabilities other than provisions	66.616.510	66.184.495
	Total equity and liabilities	146.290.430	99.561.024

6 Charges and security



Notes

All amounts in DKK.

	<u>2018/19</u>	<u>2017/18</u>
1. Value adjustment of investment property		
Value adjustment arising from change in required rate of return	42.546.449	0
	<u>42.546.449</u>	<u>0</u>
2. Investment property		
Cost 1 October 2018	79.050.438	78.107.989
Additions during the year	128.356	942.449
Cost 30 September 2019	<u>79.178.794</u>	<u>79.050.438</u>
Fair value adjustment 1 October 2018	12.645.007	12.645.007
Adjustments to fair value for the year	44.061.040	0
Fair value adjustment 30 September 2019	<u>56.706.047</u>	<u>12.645.007</u>
Carrying amount, 30 September 2019	<u>135.884.841</u>	<u>91.695.445</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 2019 (5,6% as per 30.09.18).

An external assessor has assisted in assessing the investment property at a fair value of 18.200 t.EUR / 135.885 t.DKK as per 25 October 2019.

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 1.300 t.DKK.



Notes

All amounts in DKK.

	<u>30/9 2019</u>	<u>30/9 2018</u>
3. Receivables from owners and management		
	Amounts repaid during the financial year	Total receivables at 30 September 2019
Category	Interest rate	
Executive board	10,05%	700.635
4. Contributed capital		
Contributed capital 1 October 2018	<u>125.000</u>	<u>125.000</u>
	125.000	125.000
5. Retained earnings		
Retained earnings 1 October 2018	29.457.529	26.207.251
Accumulated effect at the beginning of the year of change in the accounting policies:		
Correction due to changes in cash at hands and interests hereof	<u>0</u>	<u>10.064</u>
Adjusted retained earnings 1 October 2018	29.457.529	26.217.315
Retained earnings for the year	<u>42.044.391</u>	<u>3.240.214</u>
	71.501.920	29.457.529
6. Charges and security		
As collateral for mortgage loans, 8.500 t.EUR / 59.367 t.DKK, security has been granted on land and buildings representing a carrying amount of 135.885 t.DKK at 30 September 2019.		



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.

Material misstatements in previous years

Misstatements in classification

The company has on a continuous basis granted loans to a business partner in the period 2016 to 2019. The loan is recognized as an increase of the company's cash and cash equivalents under the accounting item "Cash on hand and demand deposits" and not under "Other receivables". The error is considered material and the matter is therefore corrected in the present annual report. The comparative figures for 2017/18 have been adjusted in accordance with the reclassification.

At 30 September 2018, the loan was 76 t.EUR corresponding to t.DKK 565, of which t.DKK 11 are interest of the loan from 2017/18. Addition of interest before 1 October 2017 amounts to t.DKK 10. The total positive impact on profit for 2017/18 amounts to t.DKK 11, while the impact on equity is an increase of t.DKK 21, corresponding to interest rates for 2016/17 and 2017/18. Cash on hand and demand deposits are reduced by the loan granted t.DKK 544 and Other receivables are increased by t.DKK 565.

Misstatements in the recording of interest

The recording of interest on interim accounts with owners, management and business partners in 2017/18, revealed that the company recorded the interest incorrectly, whereby interest income was recorded as interest expenses. The error is considered material and the matter is therefore corrected in the present annual report. The comparative figures for 2017/18 have been adjusted in accordance with the reclassification.

The total positive impact on profit for 2017/18 amounts to t.DKK 448 and the impact on equity is an increase up to t.DKK 448. Other receivables are increased by t.DKK 147 and Receivables from owners and management are increased by t.DKK 301.

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.



Accounting policies

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 and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

Income statement

Gross profit

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

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 comprises interest expenses and exchange rate gains or losses on payables and transactions in foreign currencies. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.



Accounting policies

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.

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 receivables and tax liabilities are recognised in the statement of financial position with 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 receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.



Accounting policies

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.

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"By my signature I confirm all dates and content in this document."

Jakov Dolgoj

Direktør

Serial number: dolgoj@ppholding.de

IP: 79.195.xxx.xxx

2020-04-06 12:30:34Z

Jakov Dolgoj

Anders Ingemann Hansen

Statsautoriseret revisor

On behalf of: CHRISTENSEN KJÆRULFF STATS AUTORISERET
REVISIONSAKTIESELSKAB

Serial number: CVR:15915641-RID:97239980

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2020-04-06 12:35:51Z

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Jakov Dolgoj

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