

# Copenhagen Towers II P/S

c/o Solstra Capital Partners  
Lautrupsgade 7, 3. tv., 2100 København Ø

CVR no. 31 57 88 33



## Annual report 2016

Approved at the annual general meeting of shareholders on 13 June 2017

Chairman:



.....  
Mette Kapsch



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working world



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### Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Copenhagen Towers II P/S for the financial year 1 January - 31 December 2016.

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 financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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


In our opinion, the supplementary report includes a fair review of such reports.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 13 June 2017  
Executive Board:

  
.....  
David Overby

Board of Directors:

  
.....  
Oscar Claudius Crohn  
Chairman  
.....  
Palle Sort  
.....  
David Overby  
.....  
Mette Kapsch

## Independent auditor's report

To the shareholders of Copenhagen Towers II P/S

### Opinion

We have audited the financial statements of Copenhagen Towers II P/S for the financial year 1 January - 31 December 2016, 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.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to note 2 in which Management states that it is a condition for the Company's ability to remain a going concern that the Company obtains positive results of its ongoing negotiations regarding additional financing and a positive development in the leasing activity. It is Management's assessment that these assumptions will be achieved, and consequently, the financial statements have been prepared on a going concern assumption.

We have not modified our opinion in respect of this matter.

### 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 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 in preparing the financial statements 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 that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

## Independent auditor's report

- ▶ 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 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 use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to 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 conclusion is 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 the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and 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 internal control that we identify during our audit.

### Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 13 June 2017  
Ernst & Young  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

  
Anders Stig Lauritsen  
State Authorised Public Accountant

  
Kaare Kristensen Lendorf  
State Authorised Public Accountant

## Management's review

### Company details

Name	Copenhagen Towers II P/S
Address, Postal code, City	c/o Solstra Capital Partners Lautrupsgade 7, 3. tv., 2100 København Ø
CVR no.	31 57 88 33
Established	26 June 2008
Registered office	Copenhagen
Financial year	1 January - 31 December
Telephone	+45 39 13 91 00
Board of Directors	Oscar Claudius Crohn, Chairman Palle Sort David Overby Mette Kapsch
Executive Board	David Overby
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuhs Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Management commentary

#### Business review

The Company's objective is to develop the Copenhagen Towers multiuser office complex and attract new tenants to secure a steady long term lease income.

#### Recognition and measurement uncertainties

All of the office buildings have been completed except for interior fit-out work awaiting specifications from tenants. The majority of the office buildings square meters are presently vacant but several lease contracts have been entered into and tenants have moved in. Consequently, Management has carried out an impairment test of fixed asset. The test did not show a need to recognise any impairment losses.

Due to the above uncertainties regarding earnings, the impairment test is subject to considerable uncertainties, and consequently, the carrying amount of fixed assets is subject to considerable uncertainties. If the assumptions used develop adversely, impairment losses might need to be recognised in the coming financial years.

Management experiences increased demand from potential tenants for the vacant buildings, and Management has entered into substantive negotiations with potential tenants. Due to the improved situation, Management has reversed impairment write downs from previous years.

Reference is made to note 3 for more details.

#### Unusual matters having affected the financial statements

##### *Going concern*

In 2012, the real estate companies entered into financing agreements with the bank. The financing agreements comprise financing for the completion of the office building constituting stage 2 owned by Copenhagen Towers II P/S and financing for stage 1 owned by Copenhagen Towers ApS.

At 4 October 2016, the Group entered into an addendum to the existing financing agreements, where the loan commitment was increased and amortisation was deferred to 31 October 2018, where the loan in its entirety falls due.

Management has prepared a sensitivity analysis on cash flow budgets showing that it is a condition for the Company's ability to remain a going concern until the presentation of the financial statements for 2017 that the Company obtains positive results of its ongoing negotiations regarding additional financing and a positive development in the leasing activity. Management experiences increased demand from potential tenants for the vacant buildings. Management expects to reach a new financing agreement during the coming months and to lease out a significant part of the vacant buildings in the coming period.

There is material uncertainty related to the going concern assumption which casts significant doubt on the Company's ability to continue as a going concern, and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Company's equity is expected to be re-established over the coming years due to rent income from properties, realisation of properties and cancellation of debt.

Reference is made to note 2 for more details.

#### Financial review

In 2016, the Company's revenue amounted to DKK 8,031,770 against DKK 3,425,854 last year. The income statement for 2016 shows a loss of DKK 70,687,289 against DKK -36,539,549 last year, and the balance sheet at 31 December 2016 shows a negative equity of DKK 491,759,757.

## Management's review

### Management commentary

#### Events after the balance sheet date

No significant events have occurred after the balance date that materially affect the financial statements at 31 December 2016. Offices are fitted out for tenants as lease contracts are entered into.

#### Outlook

In the coming year, Management expects that earnings from the leasing activities will increase in connection with the reduction of vacancy and positive results of the negotiations regarding refinancing, which is a condition for the Company's continued operations after 2017.



## Financial statements for the period 1 January - 31 December

### Income statement

Note	DKK	2016	2015
	Revenue	8,031,770	3,425,854
	Other external expenses	-24,901,766	-7,773,086
	<b>Gross margin</b>	<b>-16,869,996</b>	<b>-4,347,232</b>
4	Staff costs	0	0
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-9,246,746	-2,438,278
	<b>Profit/loss before net financials</b>	<b>-26,116,742</b>	<b>-6,785,510</b>
	Income from investments in group entities	-945,769	64,988
	Financial expenses	-43,624,778	-29,819,027
	<b>Profit/loss for the year</b>	<b>-70,687,289</b>	<b>-36,539,549</b>
	<b>Recommended appropriation of profit/loss</b>		
	Retained earnings/accumulated loss	-70,687,289	-36,539,549
		-70,687,289	-36,539,549

## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK	<u>2016</u>	<u>2015</u>
	<b>ASSETS</b>		
	Fixed assets		
5	Property, plant and equipment		
	Land and buildings	1,116,823,013	307,965,477
	Property, plant and equipment in progress	0	765,970,644
		<u>1,116,823,013</u>	<u>1,073,936,121</u>
	<b>Total fixed assets</b>	<u>1,116,823,013</u>	<u>1,073,936,121</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	6,177,241	482,370
	Other receivables	3,543,122	5,503,489
	Deferred income	2,435,896	0
		<u>12,156,259</u>	<u>5,985,859</u>
	Cash	4,080,195	27,320,615
	<b>Total non-fixed assets</b>	<u>16,236,454</u>	<u>33,306,474</u>
	<b>TOTAL ASSETS</b>	<u>1,133,059,467</u>	<u>1,107,242,595</u>

## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK	2016	2015
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
6	Share capital	1,000,000	1,000,000
	Retained earnings	-492,759,757	-432,561,931
	<b>Total equity</b>	<u>-491,759,757</u>	<u>-431,561,931</u>
	<b>Liabilities</b>		
7	<b>Non-current liabilities other than provisions</b>		
	Bank debt	1,504,711,147	1,413,225,335
	Payables to group entities	87,649,378	89,051,483
		<u>1,592,360,525</u>	<u>1,502,276,818</u>
	<b>Current liabilities</b>		
	Trade payables	6,453,453	6,229,771
	Deposits	7,960,438	487,522
	Other payables	17,608,803	29,709,757
	Deferred income	436,005	100,658
		<u>32,458,699</u>	<u>36,527,708</u>
	<b>Total liabilities other than provisions</b>	<u>1,624,819,224</u>	<u>1,538,804,526</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,133,059,467</u>	<u>1,107,242,595</u>

- 1 Accounting policies
- 2 Material going concern uncertainties
- 3 Recognition and measurement uncertainties
- 8 Contractual obligations and contingencies, etc.
- 9 Collateral
- 10 Interest rate risks and use of derivative financial instruments
- 11 Related parties

## Financial statements for the period 1 January - 31 December

## Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2016	1,000,000	-432,561,931	-431,561,931
Transfer through appropriation of loss	0	-70,687,289	-70,687,289
Adjustment of hedging instruments at fair value	0	10,489,463	10,489,463
Equity at 31 December 2016	<u>1,000,000</u>	<u>-492,759,757</u>	<u>-491,759,757</u>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Copenhagen Towers II P/S has been presented in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

#### Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

#### Basis of recognition and measurement

Assets are recognised in the balance sheet when it is 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 balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

#### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised as other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity are recognised in the income statement in the period in which the hedged item affects the profit/loss for the year.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries are recognised directly in equity.

### Income statement

#### Revenue

Revenue comprises income from the lease of properties, etc.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

#### Other external expenses

Other external expenses include the year's expenses relating to the Company'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 pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

#### Financial expenses

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

#### Tax

The Company is not an independent taxable entity. The Company's owners are responsible for both current tax and deferred tax, and therefore, these are included in the owners' computation of taxable income.

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).

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Property, plant and equipment

Construction in progress, land and buildings are measured at cost at less accumulated depreciation. Land is not depreciated.

The basis of depreciation is cost less expected residual value at the end of the useful life.

Cost comprises the purchase price, financing costs and any costs directly attributable to the acquisition until the date when the asset is available for use. Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	20-50 years
Tools and equipment	10 years

Gains or losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as depreciation.

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation. Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

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

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

#### 2 Material going concern uncertainties

In 2012, the real estate companies entered into financing agreements with the bank. The financing agreements comprise financing for the completion of the office building constituting stage 2 owned by Copenhagen Towers II P/S and financing for stage 1 owned by Copenhagen Towers ApS.

At 4 October 2016, the Group entered into an addendum to the existing financing agreements, where the loan commitment was increased and amortisation was deferred to 31 October 2018, where the loan in its entirety falls due.

Management has prepared a sensitivity analysis on cash flow budgets showing that it is a condition for the Company's ability to remain a going concern until the presentation of the financial statements for 2017 that the Company obtains positive results of its ongoing negotiations regarding additional financing and a positive development in the leasing activity. Management experiences increased demand from potential tenants for the vacant buildings. Management expects to reach a new financing agreement during the coming months and to lease out a significant part of the vacant buildings in the coming period.

There is material uncertainty related to the going concern assumption which casts significant doubt on the Company's ability to continue as a going concern, and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Company's equity is expected to be re-established over the coming years due to rent income from properties, realisation of properties and cancellation of debt.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 3 Recognition and measurement uncertainties

All of the office buildings have been completed except for interior fit-out work awaiting specifications from tenants. The majority of the office buildings square meters are presently vacant but several lease contracts have been entered into and tenants have moved in. Consequently, Management has carried out an impairment test of fixed asset. The test did not show a need to recognise any impairment losses.

Due to the above uncertainties regarding earnings, the impairment test is subject to considerable uncertainties, and consequently, the carrying amount of fixed assets is subject to considerable uncertainties. If the assumptions used develop adversely, impairment losses may need to be recognised in the coming financial years.

Management experiences increased demand from potential tenants for the vacant buildings, and Management has entered into substantive negotiations with potential tenants. Due to the improved situation, Management has reversed impairment write-downs from previous years.

#### 4 Staff costs

The Company has no employees.

#### 5 Property, plant and equipment

DKK	Land and buildings	Property, plant and equipment in progress	Total
Cost at 1 January 2016	332,584,000	985,868,000	1,318,452,000
Additions in the year	1,038,000,638	0	1,038,000,638
Disposals in the year	0	-985,868,000	-985,868,000
Cost at 31 December 2016	1,370,584,638	0	1,370,584,638
Impairment losses and depreciation at 1 January 2016	24,618,523	219,897,356	244,515,879
Amortisation/depreciation in the year	9,245,746	0	9,245,746
Transferred	219,897,356	-219,897,356	0
Impairment losses and depreciation at 31 December 2016	253,761,625	0	253,761,625
Carrying amount at 31 December 2016	1,116,823,013	0	1,116,823,013

DKK	2016	2015
<b>6 Share capital</b>		
Analysis of the share capital:		
1,000 shares of DKK 1,000.00 nominal value each	1,000,000	1,000,000
	1,000,000	1,000,000

Analysis of changes in the share capital over the past 5 years:

DKK	2016	2015	2014	2013	2012
Opening balance	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 7 Non-current liabilities other than provisions

DKK	Total debt at 31/12 2016	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	1,504,711,147	0	1,504,711,147	0
Payables to group entities	87,649,378	0	87,649,378	0
	<u>1,592,360,525</u>	<u>0</u>	<u>1,592,360,525</u>	<u>0</u>

#### 8 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

As the Company is jointly registered for VAT purposes with its Parent Company WTCC A/S, it is jointly and severally liable with the Parent Company for settling the companies' total VAT liability.

The Company has been jointly taxed with the other Danish companies in the ALMC Group until 31 January 2014. Together with the other companies included in the joint taxation, the Company is jointly and severally liable for payment of income taxes for the income in the period of joint taxation and withholding taxes in the group of jointly taxed entities.

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 payment of income taxes as well as withholding taxes.

#### 9 Collateral

Registered mortgages, totalling DKK 1,611 million in the Company's properties with a carrying amount of DKK 1,610 million, have been provided as collateral for the Company's debts to banks.

The Company's bank account has been charged.

#### 10 Interest rate risks and use of derivative financial instruments

##### Interest rate risks

The Company hedges interest rate risks through interest rate swaps whereby floating interest payments are changed to fixed interest payments.

##### Interest rate swap agreements

The Company has entered into two interest rate swap agreements with Aareal Bank AG for purposes of hedging the interest rate risk associated with the mortgage debt totalling DKK 1,504.7 million at 31 December 2016.

The nominal value of the agreements amounts to DKK 231.5 million, and the agreements expire on 30 November 2017.

The interest rate swaps are based on the 3-month floating-rate RD Cibur 2® with a fixed interest rate of 4.7%.

The fair value is calculated by Aareal Bank AG based on the discounted cash flow of the agreements by applying the market rate at 31 December 2016. The fair value of the two interest rate swaps amounted to DKK -10.5 million at 31 December 2016 and is recognised under "Other payables".

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 11 Related parties

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
CT Solstra ApS	Copenhagen	Lastrupsgade 7, DK-2100 Copenhagen

##### Group enterprise transactions not carried through on normal market terms

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

##### Ownership

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>
WTCC P/S	Lautrupsgade 7, DK-2100 Copenhagen