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 2015

Approved at the annual general meeting of shareholders on 31 May 2016

Chairman:

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Mette Kapsch

Building a better
working world

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Copenhagen Towers II P/S for the financial year 1 January - 31 December 2015.

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 Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

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

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

Copenhagen, 31 May 2016
Executive Board:

David Overby

Board of Directors:

Oscar Claudius Crohn Chairman	Palle Sort	David Overby

Mette Kapsch

Independent auditors' report

To the shareholders of Copenhagen Towers II P/S

Independent auditors' report on the financial statements

We have audited the financial statements of Copenhagen Towers II P/S for the financial year 1 January - 31 December 2015, which comprise an 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.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Emphasis of matter regarding matters in the financial statements

Without modifying our opinion, we draw attention to the material uncertainties regarding the Company's 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.

Independent auditors' report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 31 May 2016
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 99 00
Board of Directors	Oscar Claudius Crohn, Chairman Palle Sort David Overby Mette Kapsch
Executive Board	David Overby
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark

Management's review

Operating review

The Company's business review

The Company's objective is to develop an industrial construction site in Ørestaden for office facilities and to rent out the already established office facility. The construction site is part of the Copenhagen Towers project and is called stage 2.

Recognition and measurement uncertainties

At the end of the year, all of the office buildings were almost completed. The majority of the office buildings were vacant and only a few lease contracts were entered into, and consequently, Management has carried out an impairment test of non-current 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 non-current 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 year's.

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 15 February 2016, the Group entered into an addendum to the existing finance agreements, where amortisation was deferred to 30 November 2017, where the loan in its entirety falls due.

Management has prepared a sensitivity analysis on cash flow budgets showing that it is a precondition for the Company's ability to remain a going concern until the presentation of the financial statements for 2016 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 and the constructing of stage 2 has been positively welcomed by the market. Management expects to reach a new financing agreement during the coming months and to rent 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.

Management's review

Operating review

Financial review

In 2015, the company's revenue came in at DKK 3,425,854 against DKK 2,312,748 last year. The income statement for 2015 shows a loss of DKK 36,539,549 against a loss of DKK 32,111,153 last year, and the balance sheet at 31 December 2015 shows a negative equity of DKK 431,561,931.

Post balance sheet events

The completion of stage 2 of Copenhagen Towers is progressing satisfactorily; 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 finalisation of the construction in the area 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	2015	2014
	Revenue	3,425,854	2,312,748
	Other external expenses	-7,773,085	-9,111,767
	Gross profit/loss	-4,347,231	-6,799,019
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-2,438,278	0
	Operating profit/loss	-6,785,509	-6,799,019
	Income from investments in group entities	64,988	-2,829,447
	Financial expenses	-29,819,028	-22,482,687
	Profit/loss for the year	-36,539,549	-32,111,153
	Proposed profit appropriation/distribution of loss		
	Retained earnings/accumulated loss	-36,539,549	-32,111,153
		-36,539,549	-32,111,153

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2015	2014
	ASSETS		
	Non-current assets		
4	**Property, plant and equipment**		
	Land and buildings	307,965,477	310,403,755
	Property, plant and equipment in progress	765,970,644	481,844,145
		1,073,936,121	792,247,900
	Total non-current assets	1,073,936,121	792,247,900
	Current assets		
	Receivables		
	Trade receivables	482,370	296,225
	Other receivables	5,503,489	10,074,799
		5,985,859	10,371,024
	Cash	27,320,615	6,577,270
	Total current assets	33,306,474	16,948,294
	TOTAL ASSETS	1,107,242,595	809,196,194

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2015	2014
	EQUITY AND LIABILITIES		
	Equity		
5	Share capital	1,000,000	1,000,000
	Retained earnings	-432,561,931	-405,055,979
	Total equity	-431,561,931	-404,055,979
	Liabilities other than provisions		
6	**Non-current liabilities other than provisions**		
	Bank debt	1,413,225,335	1,058,145,213
	Payables to group entities	89,051,483	81,159,439
		1,502,276,818	1,139,304,652
	Current liabilities other than provisions		
	Trade payables	6,229,771	28,708,704
	Deposits	487,522	0
	Other payables	29,709,757	38,004,899
	Deferred income	100,658	7,233,918
		36,527,708	73,947,521
	Total liabilities other than provisions	1,538,804,526	1,213,252,173
	TOTAL EQUITY AND LIABILITIES	1,107,242,595	809,196,194

1 Accounting policies
2 Material uncertainties regarding going concern
3 Material uncertainties regarding recognition and measurement
7 Collateral
8 Contractual obligations and contingencies, etc.
9 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2015	1,000,000	-405,055,979	-404,055,979
Profit/loss for the year	0	-36,539,549	-36,539,549
Adjustment of hedging instruments at fair value	0	9,033,597	9,033,597
Equity at 31 December 2015	1,000,000	-432,561,931	-431,561,931

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.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Recognition and measurement in general

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.

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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Revenue comprises income from the lease of properties, ect.

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 entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

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 these are therefore included in the owners' computation of taxable income.

Tax for the year comprises current corporation tax , joint taxation contributions for the year and changes in deferred tax for the year - including changes resulting from changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs 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.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the 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 liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

2 Material uncertainties regarding going concern

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Financial statements for the period 1 January - 31 December

Notes to the financial statements

4 Property, plant and equipment

DKK	Land and buildings	Property, plant and equipment in progress	Total
Cost at 1 January 2015	332,584,000	701,741,501	1,034,325,501
Additions in the year	0	284,126,499	284,126,499
Cost at 31 December 2015	332,584,000	985,868,000	1,318,452,000
Impairment losses and depreciation at 1 January 2015	22,180,245	219,897,356	242,077,601
Amortisation/depreciation in the year	8,511,139	0	8,511,139
Reversal of prior-year impairment losses	-6,072,861	0	-6,072,861
Impairment losses and depreciation at 31 December 2015	24,618,523	219,897,356	244,515,879
Carrying amount at 31 December 2015	307,965,477	765,970,644	1,073,936,121

DKK	2015	2014
5 Share capital		
The share capital consists of the following:		
1,000 shares of DKK 1,000.00 each	1,000,000	1,000,000
	1,000,000	1,000,000

6 Long-term liabilities

DKK	Total debt at 31/12 2015	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	1,413,225,335	0	1,413,225,335	0
Payables to group entities	89,051,483	0	89,051,483	0
	1,502,276,818	0	1,502,276,818	0

7 Collateral

Registered mortgages, totalling DKK 1,500 million in the Company's properties with a carrying amount of DKK 792.2 million, have been provided as collateral for the Company's debts to banks.

The Company's bank account has been charged.

8 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is registered jointly with the parent company and is, therefore, liable on equal terms with the parent company for settlement of the companies' total VAT liabilities.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

9 **Related parties**

Copenhagen Towers II P/S' related parties comprise the following:

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
CT Solstra ApS	Copenhagen	Lautrupsgade 7, DK-2100 Copenhagen

Related party 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:

Name	Domicile
WTCC P/S	Lautrupsgade 7, DK-2100 Copenhagen