

Alpha 2 A/S

Amaliegade 15, 2. sal., 1256 København K

CVR no. 33 35 99 34



Annual report 2015

Approved at the annual general meeting of shareholders on 11 May 2016

Chairman:



EY

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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 Alpha 2 A/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.

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

Copenhagen, 11 May 2016
Executive Board:



.....
Mette Krog Hansen

Board of Directors:



.....
Robert McCorduck
Chairman



.....
Katarzyna Jolanta
Ciesielska



.....
Mette Krog Hansen

Independent auditors' report on the financial statements

To the shareholders of Alpha 2 A/S

We have audited the financial statements of Alpha 2 A/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 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 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 according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 considers 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.

Odense, 11 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28



Morten Schougaard Sørensen
State Authorised Public Accountant



Management's review

Name	Alpha 2 A/S
Address, Postal code, City	Amaliegade 15, 2. sal., 1256 København K
CVR No.	33 35 99 34
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	Robert McCorduck, Chairman Katarzyna Jolanta Ciesielska Mette Krog Hansen
Executive Board	Mette Krog Hansen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P O Box 200, 5100 Odense C, Denmark

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2015	2014
	Gross profit	6,261,851	8,390,995
	Staff costs	-114,960	-110,833
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-3,898,551	-3,898,551
	Operating profit	2,248,340	4,381,611
	Financial income	169	1,719
3	Financial expenses	-8,569,313	-3,358,668
	Profit/loss before tax	-6,320,804	1,024,662
4	Tax for the year	1,384,071	-78,251
	Profit/loss for the year	-4,936,733	946,411
	Proposed profit appropriation/distribution of loss		
	Extraordinary dividend distributed	34,873,594	0
	Retained earnings/accumulated loss	-39,810,327	946,411
		-4,936,733	946,411

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2015</u>	<u>2014</u>
	ASSETS		
	Non-current assets		
5	Property, plant and equipment		
	Land and buildings	236,791,649	238,685,323
		<u>236,791,649</u>	<u>238,685,323</u>
	Total non-current assets	<u>236,791,649</u>	<u>238,685,323</u>
	Current assets		
	Receivables		
	Receivables from group entities	0	344
	Deferred tax assets	2,133,124	749,053
	Income taxes receivable	134,000	0
6	Other receivables	117,055	359,176
	Deferred income	175,402	26,926
		<u>2,559,581</u>	<u>1,135,499</u>
	Cash	<u>3,372,888</u>	<u>2,009,307</u>
	Total current assets	<u>5,932,469</u>	<u>3,144,806</u>
	TOTAL ASSETS	<u>242,724,118</u>	<u>241,830,129</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2015	2014
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	75,000,000	75,000,000
	Retained earnings	-35,763,289	4,047,038
	Total equity	<u>39,236,711</u>	<u>79,047,038</u>
	Liabilities other than provisions		
8	Non-current liabilities other than provisions		
	Mortgage debt	178,594,538	156,483,536
	Deposits	4,321,974	3,920,142
		<u>182,916,512</u>	<u>160,403,678</u>
	Current liabilities other than provisions		
8	Current portion of long-term liabilities	1,651,088	1,154,551
	Trade payables	649,475	270,063
	Payables to group entities	17,344,139	14,310
	Income taxes payable	0	642,861
	Other payables	926,193	157,890
	Deferred income	0	139,738
		<u>20,570,895</u>	<u>2,379,413</u>
	Total liabilities other than provisions	<u>203,487,407</u>	<u>162,783,091</u>
	TOTAL EQUITY AND LIABILITIES	<u>242,724,118</u>	<u>241,830,129</u>

- 1 Accounting policies
- 2 The Company's principal activities
- 9 Collateral
- 10 Contractual obligations and contingencies, etc.
- 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 2014	75,000,000	6,622,373	81,622,373
Changes in accounting policies	0	-3,521,746	-3,521,746
Profit/loss for the year	0	946,411	946,411
Equity at 1 January 2015	75,000,000	4,047,038	79,047,038
Profit/loss for the year	0	-4,936,733	-4,936,733
Extraordinary dividend distributed	0	-34,873,594	-34,873,594
Equity at 31 December 2015	75,000,000	-35,763,289	39,236,711

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Alpha 2 A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

Changes in accounting policies

To comply with the group accounting policies in the new owner group the accounting policies for properties has been adjusted from fair value to cost less depreciation.

At the same time the policies applied for debt related to properties has been changed from fair value to amortized cost.

The annual report and the reported numbers for 2014 are restated accordingly.

As a consequence of the changed accounting policies equity at 31 December 2014 has decreased DKK 5,460 thousand and the Profit/Loss for 2014 was decreased with DKK 1,938 thousand.

The financial statements have otherwise been presented in accordance with the same accounting policies as were applied last year. Comparative figures have been restated to reflect the policy change.

Reporting currency

The financial statements are presented in Danish kroner.

Income statement

Revenue

Rent comprises rental income from the leases of properties. Rent is recognised on an accruals basis.

Rent 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.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Rent', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

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, etc.

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings 50 years

Land is not depreciated.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

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).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Prepayments

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

Cash and cash equivalents

Cash comprises cash balances and bank balances.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

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. 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. 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 The Company's principal activities

It is the Company's objective to own and hold ownership interests in companies, to purchase, own, sell, rent and rent out real estate and all other related activities.

DKK	2015	2014
3 Financial expenses		
Interest expenses, group entities	423,000	0
Other financial expenses	8,146,313	3,358,668
	<u>8,569,313</u>	<u>3,358,668</u>
4 Tax for the year		
Estimated tax charge for the year	0	874,861
Deferred tax adjustments in the year	-1,384,071	-796,610
	<u>-1,384,071</u>	<u>78,251</u>
5 Property, plant and equipment		
DKK		<u>Land and buildings</u>
Cost at 1 January 2015		246,482,425
Additions in the year		2,004,877
Cost at 31 December 2015		<u>248,487,302</u>
Impairment losses and depreciation at 1 January 2015		7,797,102
Amortisation/depreciation in the year		3,898,551
Impairment losses and depreciation at 31 December 2015		<u>11,695,653</u>
Carrying amount at 31 December 2015		<u>236,791,649</u>
6 Other receivables		
Other receivables	117,055	359,176
	<u>117,055</u>	<u>359,176</u>
7 Share capital		

The Company's share capital has remained DKK 75,000,000 over the past 3 years.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

8 Long-term liabilities

DKK	Total debt at 31/12 2015	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	180,245,626	1,651,088	178,594,538	167,384,952
Deposits	4,321,974	0	4,321,974	4,321,974
	<u>184,567,600</u>	<u>1,651,088</u>	<u>182,916,512</u>	<u>171,706,926</u>

9 Collateral

The following assets have been provided as collateral for mortgages:

Property, plant and equipment with a carrying amount of (DKK) 236,791,649.

10 Contractual obligations and contingencies, etc.

Other contingent liabilities

The company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the period 30 June 2015 onwards as well as with holding taxes on interest, royalties and dividends falling due for payment on or after 30 June 2015.

11 Related parties

Alpha 2 A/S' related parties comprise the following:

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Alpha Properties Holding ApS	Amaliegade 15, 2. sal, 1256 København K