

CC Properties ApS
Strandvejen 58, 2.
2900 Hellerup, Denmark

CC Properties ApS

Annual report 2015

The annual report was presented and adopted at the
Company's annual general meeting

on 11 March 20 16

Henrik Tilsted Knudsen
chairman

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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 CC Properties ApS for the financial year 1 January – 31 December 2015.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Group's and the Parent Company's operations for the financial year 1 January – 31 December 2015.

In our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

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

Copenhagen, 11 March 2016
Executive Board

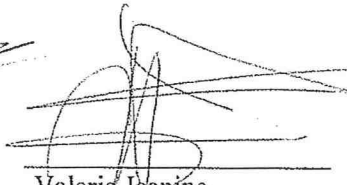


Christian Ulrich Brandt
Birger-Christensen

Board of Directors:



Séverine Géraldine
Marie Desnos
Chairman



Valerie Jeanine
Ingelbrecht



Christian Ulrich Brandt
Birger-Christensen



KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Telephone +45 70 70 77 60
www.kpmg.dk
CVR no. 25 57 81 98

Independent auditor's report

To the shareholders of CC Properties ApS

Independent auditor's report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of CC Properties ApS for the financial year 1 January – 31 December 2015. The consolidated financial statements and the parent company financial statements comprise accounting policies, income statement, balance sheet and notes for the Group as well as for the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company financial statement

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of consolidated financial statements and parent company 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 consolidated financial statements and the parent company 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.

Independent auditor's report

Opinion

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

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 further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 11 March 2016

KPMG

Statsautoriseret Revisionspartnerselskab

Michael Tuborg
State Authorised
Public Accountant

Management's review

Company details

CC Properties ApS
Strandvejen 58, 2.
2900 Hellerup, Denmark

CVR no.: 34 05 55 99
Established: 21 November 2011
Registered office: Gentofte
Financial year: 1 January – 31 December

Board of Directors

Séverine Géraldine Marie Desnos (Chairman)
Valerie Jeanine Ingelbrecht
Christian Ulrich Brandt Birger-Christensen

Executive Board

Christian Ulrich Brandt Birger-Christensen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Management's review

Operating review

Group

The consolidation includes:

- CC Properties I Holding ApS (100%)
 - CC Properties I ApS (100%)
- CC Properties II Holding ApS (100%)
 - CC Properties II ApS (100%)
- CC Properties III Holding ApS (100%)
 - CC Properties III ApS (100%)
- CC Properties IV HoldingApS (100%)
 - CC Properties IV ApS (100%)
- CC Properties V HoldingApS (100%)
 - CC Properties V ApS (100%)
- CC Properties VII Holding ApS (100%)
 - CC Properties VII ApS (100%)
- CC Properties VIII Holding ApS (100%)
 - CC Properties VIII ApS (100%)
- CC Properties X Holding ApS (100%)
 - CC Properties X ApS (100%)

Management's review

Operating review

Principal activities of the Company

The Company's objective is to invest in residential properties, office buildings and retail properties. Investments are made directly by acquiring properties and indirectly through property companies. The Company is primarily to invest in properties in Greater Copenhagen but may also, subject to the Board of Directors' discretion, invest in properties in other places in Denmark.

Development in activities and financial position

In 2015, the Group recognised a profit before fair value adjustments of DKK 15.1 million against a profit of DKK 6.6 million in 2014.

The consolidated profit for the year before tax amounted to DKK 106.6 (2014: a profit of DKK 125.3 million). The results were affected by positive value adjustments of investment properties of DKK 83.1 million (2014: DKK 120.0 million).

The consolidated profit for the year amounted to DKK 83.1 million (2014: a profit of DKK 97.7 million).

In the Parent Company, profit for the year amounted to DKK 0.4 million against a profit of DKK 11.5 million in 2014. The results were positively affected by profit from investments in subsidiaries of DKK 0.5 million (2014: DKK 12.4 million).

Management considers the profit satisfactory.

The Group's assets total DKK 1,306.1 million up from 1,205.6 million last year. The investment properties amount to DKK 1,287.3 million (2014: DKK 1,161.4 million).

The Parent Company's assets total DKK 256.2 million (2014: DKK 356.1 million), of which investments in subsidiaries amount to DKK 355.4 million (2014: DKK 355.0 million).

At 31 December 2015, the Group's equity amounted to DKK 547.7 million, corresponding to an equity ratio of 41.9% (2014: 38.5%).

At 31 December 2015, the Parent Company's equity amounted to DKK 354.9 million, corresponding to an equity ratio of 99.6% (2014: 99.6%).

Valuation of investment properties

In the financial statements for 2015, investment properties are recognised at estimated fair value of DKK 1,287.3 million.

Based on external valuations, the fair value of the properties has been determined based on a DCF model based on forecasts of the future cash flows that the individual properties are expected to generate. The basis of the valuation is the net operating profit of the individual properties.

Management's review

Operating review

The discount rate is determined based on a long-term risk-free nominal interest rate plus a risk adjustment. The risk adjustment is made based on an assessment of the solvency of tenants and the duration of leases. The discount rates for 2015 have been determined individually for each property and range from 6.28% to 7.40%.

The value of the investment properties is affected by changes in the operating income of the properties and by changes in the required rate of return.

Valuation of investments in subsidiaries

In the parent company financial statements for 2015, investments in subsidiaries are recognised at DKK 355.4 million.

The cost of these investments amounts to DKK 355.5 million. In connection with the financial reporting, the value of the individual subsidiaries has been written down to the lower of cost and recoverable amount. The recoverable amount of the subsidiaries is affected by changes in the value of the subsidiaries' investment properties and related long-term liabilities.

Subsequent events

No events have occurred after the balance sheet date which may materially affect the Company's financial position.

Outlook

The Company still expects investments in property development. At the same time, an increase in rental income and improvement of the operations of the properties are expected. In 2016, the Group expects a profit before fair value adjustments in the same range as 2015 or slightly better.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

The annual report of CC Properties ApS for 2015 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

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

Consolidated financial statements

The consolidated financial statements comprise the parent company, CC Properties ApS, and subsidiaries in which CC Properties ApS directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Income statement

Profit/loss from lease of properties

Income and expenses related to property operation – calculated before value adjustments – are recognised as rental income and operating expenses, respectively.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company.

Profit/loss from investments in subsidiaries

Dividend from investments in subsidiaries is recognised in the income statement in the financial year when the dividend is declared.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Value adjustments of properties

Fair value adjustments of investment properties are recognised in the income statement.

Value adjustments of financial liabilities

Fair value adjustments of financial liabilities and interest-rate hedging instruments are recognised in the income statement.

Gain on disposal of properties

Gains and losses on disposal of properties are recognised in the income statement in the period in which transfer of risk has taken place.

Tax on profit/loss for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Resolution III Holdings S.a.r.l. Group's Danish subsidiaries.

The parent company, CC Properties ApS, is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

On payment of joint taxation contributions, the current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint taxation contributions from companies that have been able to use the tax losses to reduce their own taxable profit.

Tax for the year comprises current tax, joint taxation contributions for the year and adjustment of deferred tax for the year. 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

Investment properties

On initial recognition, investment properties are measured at cost, comprising the purchase price of the property and costs directly attributable to the acquisition.

Subsequently, investment properties are measured at fair value.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Investments in subsidiaries

Investments in subsidiaries are measured at cost. If cost exceeds the recoverable amount, write-down is made to this lower value. Write-down is made in the income statement in the financial statement item Profit/loss from investments in subsidiaries.

Subsidiaries with negative equity value are measured at DKK 0, and any receivables from these subsidiaries are written down by the Parent Company's share of the negative equity value to the extent that the receivables are considered irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, write-down is made on an individual basis.

Equity – dividend

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

In its capacity as the administrative company, CC Properties ApS is liable for its subsidiaries' corporation taxes towards the tax authorities concurrently with the payment of joint taxation contribution by the subsidiaries.

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.

Joint taxation contribution payable and receivable is recognised in the balance sheet as Corporation tax receivable or Corporation tax payable.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences 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 value, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, 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 and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with 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 as a result of changes in tax rates are recognised in the income statement

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at fair value.

Other liabilities are measured at net realisable value.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments are recognised in the income statement as value adjustments of financial liabilities.

Prepayments

Prepayments comprise prepaid expenses in relation to subsequent financial years.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Accounting policies

Cash at bank and in hand

Cash at bank and in hand comprise cash at bank.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Income statement

DKK'000	Note	Consolidated		Parent company	
		2015	2014	2015	2014
Revenue					
Rental income		61,498	56,217	0	0
Operating expenses		-21,637	-23,713	0	0
Profit from lease of properties		39,861	32,504	0	0
Administrative expenses	1	-9,097	-10,546	-70	-1,144
Profit/loss before financial income and expenses		30,764	21,958	-70	-1,144
Financial income		5	15	0	0
Financial expenses	2	-15,688	-15,332	-1	-1
Profit/loss before fair value adjustments		15,081	6,641	-71	-1,145
Value adjustment of investments in subsidiaries	5	0	0	464	12,404
Value adjustment of properties	3	83,103	119,961	0	0
Value adjustment of financial liabilities		8,387	-1,297	0	0
Profit before tax		106,571	125,305	393	11,259
Tax on profit for the year	4	-23,498	-27,567	32	280
Profit for the year		<u>83,073</u>	<u>97,738</u>	<u>425</u>	<u>11,539</u>
Proposed profit appropriation					
Retained earnings		83,073	97,738	425	11,539
Total profit appropriation		<u>83,073</u>	<u>97,738</u>	<u>425</u>	<u>11,539</u>

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

		Consolidated		Parent company	
DKK'000	Note	2015	2014	2015	2014
ASSETS					
Non-current assets					
Property, plant and equipment	3				
Investment properties		1,287,300	1,161,359	0	0
Total property, plant and equipment		1,287,300	1,161,359	0	0
Investments	5				
Investments in subsidiaries		0	0	355,432	354,968
Total investments		0	0	355,432	354,968
Total non-current assets		1,287,300	1,161,359	355,432	354,968
Current assets					
Receivables					
Lease receivables		634	534	0	0
Other receivables		5,896	11,011	0	0
Joint taxation contribution		0	0	611	345
Deferred tax		0	0	0	501
Prepayments		378	583	0	0
		6,908	12,128	611	846
Cash at bank and in hand		11,888	32,109	115	254
Total current assets		18,796	44,237	726	1,100
TOTAL ASSETS		1,306,096	1,205,596	356,158	356,068

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

DKK'000	Note	Consolidated		Parent company	
		2015	2014	2015	2014
EQUITY AND LIABILITIES					
Equity	6				
Share capital		125,000	125,000	125,000	125,000
Retained earnings		422,696	339,623	229,911	229,486
Total equity		547,696	464,623	354,911	354,486
Provisions					
Deferred tax	8	53,044	30,018	0	0
Total provisions		53,044	30,018	0	0
Liabilities other than provisions					
Non-current liabilities other than provisions	7				
Credit institutions		642,128	651,782	0	0
Prepaid rent and deposits		25,294	22,779	0	0
		667,422	674,561	0	0
Current liabilities other than provisions					
Current portion of non-current liabilities other than provisions		881	75	0	0
Trade payables		2,736	5,113	0	0
Bank debt		18,650	16,109	0	0
Payables to group entities		0	0	1,141	840
Corporation tax		478	0	0	0
Other payables		15,189	15,097	106	742
		37,934	36,394	1,247	1,582
Total liabilities other than provisions		705,356	710,955	1,247	1,582
TOTAL EQUITY AND LIABILITIES		1,306,096	1,205,596	356,158	356,068
Contractual obligations and contingencies, etc.					
	9				
Related party disclosures	10				

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Staff costs

The Company had no employees during the financial year.

2 Financial expenses

	Consolidated		Parent company	
	2015	2014	2015	2014
DKK'000				
Interest expense, banks	15,602	15,252	0	0
Other interest expenses and bank charges	86	80	1	1
	<u>15,688</u>	<u>15,332</u>	<u>1</u>	<u>1</u>

3 Property, plant and equipment

	Investment properties
DKK'000	
Cost at 1 January 2015	1,011,295
Additions for the year	42,838
Cost at 31 December 2015	<u>1,054,133</u>
Value adjustment at 1 January 2015	150,064
Value adjustment for the year	83,103
Value adjustment at 31 December 2015	<u>233,167</u>
Carrying amount at 31 December 2015	<u>1,287,300</u>

Valuation

Based on external valuations, the properties are valued at fair value based on a DCF model based on forecasts of the future cash flows that the individual properties are expected to generate. The basis of the valuation is the net operating profit of the individual properties.

The discount rate is determined based on a long-term risk-free nominal interest rate plus a risk adjustment. The risk adjustment is made based on an assessment of the solvency of tenants and the duration of leases. The discount rate for 2015 has been determined individually for each property and ranges from 6.28% to 7.40%.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

4 Tax on profit for the year

	Consolidated		Parent company	
	2015	2014	2015	2014
DKK'000				
Can be specified as follows:				
Tax payable	478	0	32	345
Change in deferred tax	23,026	27,562	0	-58
Prior year adjustments	-6	5	0	-7
	<u>23,498</u>	<u>27,567</u>	<u>32</u>	<u>280</u>

5 Investments in subsidiaries

	Investment in subsidiaries
DKK'000	
Cost at 1 January 2015	355,511
Additions for the year	0
Cost at 31 December 2015	<u>355,511</u>
Value adjustment at 1 January 2015	-543
Value adjustment for the year	464
Value adjustment at 31 December 2015	<u>-79</u>
Carrying amount at 31 December 2015	<u>355,432</u>

	Profit/loss for the year	Equity
DKK'000		
CC Properties I Holding ApS, Copenhagen (100%)	-8	56,935
CC Properties II Holding ApS, Copenhagen (100%)	-8	81,932
CC Properties III Holding ApS, Copenhagen (100%)	-8	133,940
CC Properties IV Holding ApS, Copenhagen (100%)	-8	8,938
CC Properties V Holding ApS, Copenhagen (100%)	-8	12,281
CC Properties VII Holding ApS, Copenhagen (100%)	-8	15,931
CC Properties VIII Holding ApS, Copenhagen (100%)	-8	23,232
CC Properties X Holding ApS, Copenhagen (100%)	-8	21,746
Total	<u>-64</u>	<u>354,935</u>

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

6 Equity

Group

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2015	125,000	339,623	464,623
Transferred; see profit appropriation	0	83,073	83,073
Equity at 31 December 2015	125,000	422,696	547,696

Parent Company

The share capital consists of 125,000,000 shares of DKK 1 each.

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2015	125,000	229,486	354,486
Transferred; see profit appropriation	0	425	425
Equity at 31 December 2015	125,000	229,911	354,911

Increase of share capital

Formation on 21 November 2011	80
Capital increase on 29 November 2011	4,920
Capital increase on 26 June 2013	96,160
Capital increase on 17 June 2013	23,840
Total share capital	125,000

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

7 Non-current liabilities other than provisions

	Total debt at 31 December 2015	Instalments next year	Outstanding debt after 5 years
DKK'000			
Credit institutions	642,128	881	574,973
Prepaid rent and deposits	25,294	0	0
	<u>667,422</u>	<u>881</u>	<u>574,973</u>

8 Deferred tax, Group

DKK'000	
Deferred tax at 1 January 2015	30,018
Adjustment for the year	<u>23,026</u>
Deferred tax at 31 December 2015	<u>53,044</u>

9 Contractual obligations, contingencies, etc.

The companies in the Group have no contingent liabilities other than what is normal for property companies.

Mortgages and collateral

Investment properties with a carrying amount of 1,287.3 million at 31 December 2015 have been provided as collateral for loans of 643.0 million.

Balance on bank account with a carrying amount of 4.6 million in CC Properties VIII ApS has been provided as collateral for loans.

CC Properties III Holding ApS has provided its shares in CC Properties III ApS as collateral for loans.

CC Properties VIII Holding ApS has provided its shares in CC Properties VIII ApS as collateral for loans.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

9 Contractual obligations, contingencies, etc. (continued)

Joint taxation

CC Properties ApS has been appointed as administrative company in the joint taxation for the CC Properties ApS Group.

The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase.

The Group as a whole is not liable to others.

10 Related party disclosures

CC Properties ApS' related parties comprise the following:

Control

The consolidated financial statements of Copenhagen City Properties S.a.r.l., Luxembourg and the ultimate parent Company Resolution III Holdings S.a.r.l., Luxembourg can be obtained at Resolution III Holdings S.a.r.l., Luxembourg, 28 Boulevard Joseph II, L1840, Luxembourg.