DCE 2 ApS

Sundkrogsgade 21, 2100 Copenhagen

CVR no. 36 41 65 48

Annual report 2018

Approved at the Company's annual general meeting on 26 June 2019

Chairman:

Emil Skov
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Contents

Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of DCE 2 ApS for the financial year 1 January - 31 December 2018.

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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

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, 26 June 2019
Executive Board:

N. C. Wedell-Wedellsborg

Niels Christian Wedell-Wedellsborg Director	Efrat Abuav

Independent auditor's report

To the shareholders of DCE 2 ApS

Opinion

We have audited the financial statements of DCE 2 ApS for the financial year 1 January - 31 December 2018, which comprise 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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Emphasis of matter in the financial statements

Without modifying our opinion we point out that the entity has lost its entire contributed capital. We refer to disclosures in note 2 from which it appears that the entitu has received letters of support from its shareholders, which confirms that they will provide all the support that may be needed, including financial support until 31 December 2019 at the earliest.

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 as to 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 scepticism 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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including 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 the 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 the work we have performed, 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, 26 June 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Anders Flymer-Dindler
State Authorised Public Accountant
mne35423

Management's review

Company details

Name	DCE 2 ApS
Address, Postal code, City	Sundkrogsgade 21, 2100 Copenhagen
CVR no.	36 41 65 48
Registered office	Copenhagen
Financial year	1 January - 31 December
Executive Board	Niels Christian Wedell-Wedellsborg, Director Efrat Abuav
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management commentary

Business review

The activities in the fiscal year comprises investments in group entities.

Financial review

The income statement for 2018 shows a loss of DKK 44,119 thousand against a loss of DKK 33,121 thousand last year, and the balance sheet at 31 December 2018 shows a negative equity of DKK 117,954 thousand.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2018	2017
	Gross loss	-301	-243
4	Financial income	904	1,642
5	Financial expenses	-6,015	-7,392
	Profit/loss before tax	-5,412	-5,993
6	Tax for the year	-38,707	-27,128
	Profit/loss for the year	-44,119	-33,121

	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-44,119	-33,121
		-44,119	-33,121

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	ASSETS		
	Fixed assets		
7	Investments		
	Investments in group entities	78,047	78,047
	Receivables from group entities	100,872	0
		178,919	78,047
	Total fixed assets	178,919	78,047
	Non-fixed assets		
8	Receivables		
	Receivables from associates	43,833	24,932
	Prepayments	53	84
		43,886	25,016
	Cash	8	56
	Total non-fixed assets	43,894	25,072
	TOTAL ASSETS	222,813	103,119
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	50	50
	Retained earnings	-118,004	-73,885
	Total equity	-117,954	-73,835
	Provisions		
	Deferred tax	91,243	54,749
	Total provisions	91,243	54,749
	Liabilities other than provisions		
9	Non-current liabilities other than provisions		
	Payables to group entities	249,110	62,247
	Other payables	0	59,806
		249,110	122,053
	Current liabilities other than provisions		
	Trade payables	180	152
	Income taxes payable	234	0
		414	152
	Total liabilities other than provisions	249,524	122,205
	TOTAL EQUITY AND LIABILITIES	222,813	103,119

1 Accounting policies
2 Capital ressources and liquidity
3 Staff costs
10 Contractual obligations and contingencies, etc.
11 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2018	50	-73,885	-73,835
Transfer through appropriation of loss	0	-44,119	-44,119
Equity at 31 December 2018	50	-118,004	-117,954

The share capital is unchanged since 27 October 2014. The parent company has incurred costs in connection with formation of DCE 2 ApS

Equity is expected reestablished by dividends from investments or alternatively by debt relief.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of DCE 1 ApS has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

Referring to section 110(1) of the Danish Financial Statements Act, no consolidated financial statements are prepared.

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

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross loss

The items revenue and external expenses have been aggregated into one item in the income statement called gross loss in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to administration, etc.

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 as well as allowances and surcharges under the advance-payment-of-tax scheme, 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 Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost, which includes the cost of acquisition calculated at fair value plus direct costs of acquisition. If there is evidence of impairment, an impairment test is conducted. Where the carrying amount exceeds the recoverable amount, a write-down is made to such lower value.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 Capital ressources and liquidity

The going concern of DCE 2 ApS is conditional upon the contribution of cash, either by way of a capital increase or an extension of the existing credit facilities, or through new lenders. DCE 2 ApS has received letters of support from its shareholders, which confirms that they will provide all the support that maybe needed, including financial support, until 31 December 2019 at the earliest. On this basis, the annual report has been presented on the assumption that the entity is a going concern.

3 Staff costs

The Company has no employees.

	DKK'000	2018	2017
4	Financial income		
	Interest receivable, group entities	904	1,642
		904	1,642
5	Financial expenses		
	Interest expenses, group entities	3,566	3,768
	Interest expenses, associates	2,138	3,621
	Other financial expenses	311	3
		6,015	7,392
6	Tax for the year		
	Estimated tax charge for the year	2,213	-386
	Deferred tax adjustments in the year	36,494	27,514
		38,707	27,128

Financial statements 1 January - 31 December

Notes to the financial statements

7 Investments

Result for the year and equity is based on the latest financial statements for Project Soorstrasse 80-82 Grundstücks GbR HGB which relates to 2018. During 2018 an external valuation of the investment property has resulted in a positive fair value of EUR 155 million.

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
Project Soorstrasse 80-82 Grundstücks GbR	GbR (partnership)	Berlin, Germany	59.50%	89,105	23,925

8 Receivables

Out of the Company's total receivables, receivables from group totalling DKK 43,833 fall due for payment after more than one year after the balance sheet date.

9 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

Financial statements 1 January - 31 December

Notes to the financial statements

10 Contractual obligations and contingencies, etc.

Other contingent liabilities

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes for income as well as withholding taxes on interest, royalties and dividends.

The Company has recognised a deferred tax liability of DKK 91,243 thousand which is related to the Company's share of the deferred tax liability for the associated partnership Project Soorstrasse 80-82 Grundstücks GbR, which is a tax-trasparent Company. As partner in Project Soorstrasse 80-82 Grundstücks GbR the Company however has full liability of payments should the other partner not be able to fulfill their commitment.

The total deferred tax liability relating to Project Soorstrasse 80-82 Grundstücks GbR amounts to DKK 153,350 at 31 December 2018. The tax liablity is not recognised in the local financial statements for Project Soorstrasse 80-82 Grundstücks GbR.

11 Related parties

Related party transactions

DCE 2 ApS was engaged in the below related party transactions:

DKK'000	2018	2017
Interest expenses to Marlingo Limited	1,526	3,621
Interest expenses to Cobian Limited	2,513	3,768
Interest expenses / (income) to Project Soorstrasse 90-82 Grundstücks GbR	762	-1,641
Receivables / (payables) from Marlingo Limited	43,833	-59,806
Receivables / (payables) from Cobian Limited	100,872	-62,247
Receivalbes / (payables) from Project Soorstrasse 80-82 Grundstücks GbR	-249,110	24,932

Ownership

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

Name	Domicile
Cobian Limited	Nicosia, Cyprus
Marlingo Limited	Nicosia, Cyprus