# DCE 2 ApS

Sundkrogsgade 21, 2100 Copenhagen

CVR no. 36 41 65 48

## Annual report 2019

Approved at the Company's annual general meeting on 2 October 2020

Chairman:

Emil Skov

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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 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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, 2 October 2020
Executive Board:

Niels Christian Wedell-Wedellsborg
Director

Roy Vishnovizki
Director

# 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 2019, 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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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.

## 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:

- 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.

## Independent auditor's report

- 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.

### Report on other legal and regulatory requirements

#### Non-compliance with the provisions of Danish law regarding shareholder loans

The Company has granted a loan to one of its shareholders, thus breaching section 210 of the Danish Companies Act, and Management may incur liability in this respect. After the balance sheet date, the loan has been settled.

Copenhagen, 2 October 2020
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Jensen
State Authorised Public Accountant
mne33246

# 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<br>Roy Vishnovizki, Director |
| Auditors | EY Godkendt Revisionspartnerselskab<br>Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark |

## Management commentary

### Business review

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

The going concern of DCE 2 ApS is based on the net value of its participation in its investee, that contain hidden reserve as described in note 6. From a standalone perspective, and ignoring the internal value of the investment, DCE 2 going concern 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 2020 at the earliest. On this basis, the annual report has been presented on the assumption that the entity is a going concern.

### Financial review

The income statement for 2019 shows a loss of DKK 6,096 thousand against a loss of DKK 7,625 thousand last year, and the balance sheet at 31 December 2019 shows a negative equity of DKK 32,807 thousand.

During the year, Management has reassessed the recognition requirements for the deferred tax liability arising from expected revaluation gains of the investment property in the underlying partnership investee. Consequently, it is management's assessment that the deferred tax liability should not be recognised until a realization of the property, in accordance with the cost method of accounting pursuant to which the participation in the partnership investee is presented. This has been corrected as an error in the financial statements to enhance the correlation between the accounting of the participation at cost. The correction has an effect of DKK 54,749 thousand on the opening equity of 2018. The change has an effect of DKK 36,494 thousand on the result after tax for 2018. The total effect on equity on 31 December 2018 is DKK 91,243. The change has no effect on the result for 2019.

### 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 | 2019 | 2018 |
|---|---|---|---|
| | Gross loss | -514 | -301 |
| 3 | Financial income | 2,876 | 904 |
| 4 | Financial expenses | -4,419 | -6,015 |
| | Profit/loss before tax | -2,057 | -5,412 |
| 5 | Tax for the year | -4,039 | -2,213 |
| | Profit/loss for the year | -6,096 | -7,625 |

| | | | |
|---|---|---|---|
| | Recommended appropriation of profit/loss | | |
| | Retained earnings/accumulated loss | -6,096 | -7,625 |
| | | -6,096 | -7,625 |

# Financial statements 1 January - 31 December

## Balance sheet

| Note | DKK'000 | 2019 | 2018 |
|---|---|---|---|
| | ASSETS | | |
| | Fixed assets | | |
| 6 | Investments | | |
| | Investments in group entities | 78,047 | 78,047 |
| | | 78,047 | 78,047 |
| | Total fixed assets | 78,047 | 78,047 |
| | Non-fixed assets | | |
| 7 | Receivables | | |
| | Receivables from group entities | 147,581 | 144,705 |
| | Prepayments | 89 | 53 |
| | | 147,670 | 144,758 |
| | Cash | 5 | 8 |
| | Total non-fixed assets | 147,675 | 144,766 |
| | TOTAL ASSETS | 225,722 | 222,813 |
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| | Share capital | 50 | 50 |
| | Retained earnings | -32,857 | -26,761 |
| | Total equity | -32,807 | -26,711 |
| | Liabilities other than provisions | | |
| 8 | Non-current liabilities other than provisions | | |
| | Payables to group entities | 150,618 | 249,110 |
| | | 150,618 | 249,110 |
| | Current liabilities other than provisions | | |
| | Trade payables | 205 | 180 |
| | Payables to group entities | 106,806 | 0 |
| | Income taxes payable | 900 | 234 |
| | | 107,911 | 414 |
| | Total liabilities other than provisions | 258,529 | 249,524 |
| | TOTAL EQUITY AND LIABILITIES | 225,722 | 222,813 |

1 Accounting policies
2 Staff costs
9 Contractual obligations and contingencies, etc.
10 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 |
| Correction of error | 0 | 54,749 | 54,749 |
| Transfer through appropriation of loss | 0 | -7,625 | -7,625 |
| Equity at 1 January 2019 | 50 | -26,761 | -26,711 |
| Transfer through appropriation of loss | 0 | -6,096 | -6,096 |
| Equity at 31 December 2019 | 50 | -32,857 | -32,807 |

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. The going concern of DCE 2 ApS is based on the net value of its participation in its investee, that contain hidden reserve as described in note 6. From a standalone perspective, and ignoring the internal value of the investment, DCE 2 going concern 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 2020 at the earliest. On this basis, the annual report has been presented on the assumption that the entity is a going concern.

Please refer to note 1 for a description of the change in opening balance of equity.

# 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.

### Material misstatements

During the year, Management has reassessed the recognition requirements for the deferred tax liability arising from expected revaluation gains of the investment property in the underlying partnership investee. Consequently, it is management's assessment that the deferred tax liability should not be recognised until a realization of the property, in accordance with the cost method of accounting pursuant to which the participation in the partnership investee is presented. This has been corrected as an error in the financial statements to enhance the correlation between the accounting of the participation at cost. The correction has an effect of DKK 54,749 thousand on the opening equity of 2018. The change has an effect of DKK 36,494 thousand on the result after tax for 2018. The total effect on equity on 31 December 2018 is DKK 91,243. The change has no effect on the result for 2019.

### 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.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### 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.
Tax expenses from partnerships applying to tax transparency rules are recognised as a part of the 'Tax for the year' in the income statement.

## 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.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

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, and is presented as an off balance sheet item, pursuant to the cost method of accounting, in order to correlate to the underlying asset or liability on which such deferred tax item arises.

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 Staff costs

The Company has no employees.

| | DKK'000 | 2019 | 2018 |
|---|---|---|---|
| 3 | Financial income | | |
| | Interest receivable, group entities | 2,876 | 904 |
| | | 2,876 | 904 |

| | DKK'000 | 2019 | 2018 |
|---|---|---|---|
| 4 | Financial expenses | | |
| | Interest expenses, group entities | 4,419 | 5,704 |
| | Other financial expenses | 0 | 311 |
| | | 4,419 | 6,015 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

| | DKK'000 | 2019 | 2018 |
|---|---|---|---|
| 5 | Tax for the year | | |
| | Estimated tax charge for the year | 4,039 | 2,213 |
| | | 4,039 | 2,213 |

The estimated tax charge for the year relates to the underlying tax transparent partnership.

6 Investments

Result for the year and equity is based on the 2019 financial statements of the German partnership, Project Soorstrasse 80-82 Grundstücks GbR, which were reviewed by an auditor. During 2019 an external valuation of the investment property within the partnership has resulted in a positive fair value of EUR 157 million.

Set forth are the main details and results of the investee as of December 31, 2019, using HGB accounting (local German GAAP):

| 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% | 116,183 | 26,735 |

7 Receivables

Out of the Company's total receivables, receivables from associated entities totalling DKK 43,729 thousand fall due for payment after more than one year after the balance sheet date.
Receivables from group entities totaling DKK 102,852 thousand has no fixed maturity, but repayment may be demanded at any time.

8 Non-current liabilities other than provisions

Out of the Company's total liabilities, payables to held partnership totaling DKK 150,618 thousand fall due for payment during 2021. Payables to group entities totaling DKK 106,806 thousand has no fixed maturity, but repayment may be demanded at any time.

See note 10

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 9 Contractual obligations and contingencies, etc.

Other contingent liabilities

As a holding company, the Company 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.

During the year, Management has reassessed the recognition requirements for the deferred tax liability arising from expected revaluation gains of the investment property in the underlying partnership investee. Consequently, it is management's assessment that the deferred tax liability should not be recognised until a realization of the property, in accordance with the cost method of accounting pursuant to which the participation in the partnership investee is presented. This has been corrected as an error in the financial statements to enhance the correlation between the accounting of the participation at cost. The correction has an effect of DKK 54,749 thousand on the opening equity of 2018. The change has an effect of DKK 36,494 thousand on the result after tax for 2018. The total effect on equity on 31 December 2018 is DKK 91,243. The change has no effect on the result for 2019.

### 10 Related parties

Related party transactions

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

| DKK'000 | 2019 | 2018 |
|---|---|---|
| Interest income (expense) to Marlingo Limited | 871 | -1,526 |
| Interest income (expenses) to Cobian Limited | 2,005 | -2,513 |
| Interest expenses to Project Soorstrasse 90-82 Grundstücks GbR | 4,419 | 762 |
| Receivables from Marlingo Limited | 44,729 | 43,833 |
| Receivables from Cobian Limited | 102,852 | 100,872 |
| Payables to Project Soorstrasse 80-82 Grundstücks GbR | 257,424 | 249,110 |

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 |