

GAP Cargo Partners Copenhagen K/S

Kystvejen 28
2770 Kastrup
Denmark

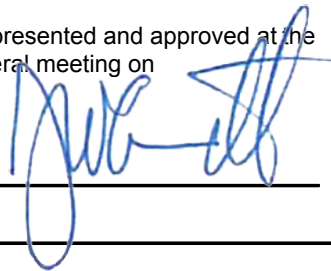
CVR no. 26 91 49 73

Annual report 2016

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

7 July 2017

John William Cammett
chairman



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Statement by the Executive Board

The Board of Directors has today discussed and approved the annual report of GAP Cargo Partners Copenhagen K/S for the financial year 1 January – 31 December 2016.

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

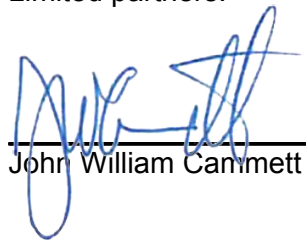
In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

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.

Tårnby, 7 July 2017

Limited partners:



John William Cannmett

Mitchell Ross Gordon

Kenneth Stuart Code



Independent auditor's report

To the shareholder of GAP Cargo Partners Copenhagen K/S

Opinion

We have audited the financial statements of GAP Cargo Partners Copenhagen K/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet 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 Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding matters in the financial statements

Without qualifying our opinion, we highlight the uncertainties related to preparing the financial statements as going concern. We refer to note 2, in which the limited partners describe the uncertainties related to going concern and the assumptions for preparing the financial statements as going concern. Based on the assumption applied the limited partners have prepared the financial statements assuming going concern.

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.

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.



Independent auditor's report

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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these 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 company 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 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,



Independent auditor's report

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, 7 July 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

A handwritten signature in black ink, appearing to read 'Niels Vendelbo', written over a light blue horizontal line.

Niels Vendelbo
State Authorised
Public Accountant

GAP Cargo Partners Copenhagen K/S
Annual report 2016
CVR no. 26 91 49 73

Management's review

Company details

GAP Cargo Partners Copenhagen K/S
Kystvejen 28
2770 Kastrup
Denmark

CVR no.: 26 91 49 73
Established: 13 December 2002
Registered office: Tårnby
Financial year: 1 January – 31 December

Limited partners

John William Cammett
Mitchell Ross Gordon
Kenneth Stuart Code

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Management's review

Operating review

Principal activities

The Company's main activity is leasing of property.

Loss for the year

The loss for the financial year ended 31 December 2016 totals DKK -35,314,866 (2015: DKK -4,701,879). The loss has increased primarily due to increased financial expenses year on year.

Events after the balance sheet date

No significant events have occurred after the balance sheet date that materially affect the financial statements for 2016.

Outlook

The Company expects a profit in 2017, due to expected increase rental income, refinancing and a potential sale of the property.

Going concern

The annual report is prepared as going concern, which is based on negotiated draft rental agreement increasing revenue, refinancing offer reducing financial expenses as well as a potential sale of the property, where received price indications significantly exceeds the book value of the property.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2016	2015
Revenue		<u>25,745,276</u>	<u>35,688,005</u>
Cost of sales		-9,760,653	-10,382,692
Other external expenses		<u>-2,807,228</u>	<u>-4,437,575</u>
Gross profit		13,177,395	20,867,738
Depreciation on property, plant and equipment and impairment losses		<u>-14,060,865</u>	<u>-14,061,489</u>
Loss before financial income and expenses		-883,470	6,806,249
Financial expenses		<u>-34,431,396</u>	<u>-11,508,128</u>
Loss for the year		<u><u>-35,314,866</u></u>	<u><u>-4,701,879</u></u>

Proposed distribution of loss

Retained earnings		<u>-35,314,866</u>	<u>-4,701,879</u>
		<u><u>-35,314,866</u></u>	<u><u>-4,701,879</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
ASSETS			
Fixed assets			
Property, plant and equipment	3		
Land and buildings		98,521,897	112,581,515
Other fixture and fittings, tools and equipment		3,948,097	16,836
		<u>102,469,994</u>	<u>112,598,351</u>
Total fixed assets		<u>102,469,994</u>	<u>112,598,351</u>
Current assets			
Receivables			
Receivables from group entities		141,650	107,146
Other receivables	8	3,655,594	3,694,793
Prepayments		1,278,389	2,404,951
		<u>5,075,633</u>	<u>6,206,890</u>
Cash at bank and in hand		<u>4,545,476</u>	<u>1,846,526</u>
Total current assets		<u>9,621,109</u>	<u>8,053,416</u>
TOTAL ASSETS		<u><u>112,091,103</u></u>	<u><u>120,651,767</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
EQUITY AND LIABILITIES			
Equity	4		
Limited partnership capital		56,000,000	56,000,000
Non-paid-in limited partnership capital		-56,000,000	-56,000,000
Retained earnings		<u>-110,825,525</u>	<u>-75,510,660</u>
Total equity		<u>-110,825,525</u>	<u>-75,510,660</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Mortgage loans	5	218,774,930	191,819,351
Other payables		3,105,852	4,343,076
Deferred income		<u>1,035,846</u>	<u>0</u>
		<u>222,916,628</u>	<u>196,162,427</u>
Total liabilities other than provisions		<u>222,916,628</u>	<u>196,162,427</u>
TOTAL EQUITY AND LIABILITIES		<u>112,091,103</u>	<u>120,651,767</u>
Going concern	2		
Contractual obligations, contingencies, etc.	6		
Mortgages and collateral	7		

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of GAP Cargo Partners Copenhagen K/S for 2016 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 as of 1 June 2015. The changes have no monetary effect on the income statement or the balance sheet for 2015 or for the comparative figures.

Income statement

Revenue

Revenue consists of rental income from the lease of property.

Cost of sales

Cost of sales includes all direct expenses incurred to lease of land, manage the property, including direct and indirect taxes, utility costs and maintenance costs.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to the management and administration of the enterprise.

Property, plant and equipment and impairment losses

Property, plant and equipment and impairment losses comprise the year's amortisation, depreciation and impairment of property, plant and equipment.

Financial expenses

Financial expenses are recognised in the income statement at the amounts relating to the financial reporting period. These items comprise interest expenses, realised and unrealised capital losses relating to other securities and investments, exchange losses and amortisation of financial assets and liabilities.

Tax on loss for the year

The financial statements do not include taxes as the individual limited partners include the results of the limited partnership in their respective income statements.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment write-down.

Cost comprises the purchase price 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.

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

Buildings	20 years
Fixtures and fittings, tools and equipment	5 years

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

The valuation of the property is assessed each financial year.

Receivables

Receivables are measured at amortised cost, which corresponds to nominal value. The value is reduced by write-down for bad debts.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Liabilities

Financial liabilities concerning property are measured at cost, net after repayments and borrowings costs.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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 rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables or other payables, respectively.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

2 Going concern

The financial statements are prepared as going concern, which is based on negotiated draft rental agreement increasing revenue, refinancing offer reducing financial expenses as well as a potential sale of the property, where received price indications significantly exceeds the book value of the property.

Financial statements 1 January – 31 December

Notes

3 Property, plant and equipment

DKK	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2016	281,296,931	63,555	281,360,486
Additions for the year	0	3,932,508	3,932,508
Cost at 31 December 2016	281,296,931	3,996,063	285,292,994
Depreciation and impairment losses at 1 January 2016	168,715,416	-46,719	168,762,135
Depreciation	-14,059,618	-1,247	-14,060,865
Depreciation and impairment losses at 31 December 2016	182,775,034	-47,966	182,823,000
Carrying amount at 31 December 2016	98,521,897	3,948,097	102,469,994

Note 5 provides more details on security for loans, etc., regarding property, plant and equipment.

4 Equity

DKK	Limited partnership capital	Retained earnings	Total
Equity at 1 January 2016	56,000,000	-75,510,660	-75,510,660
Profit for the year	0	-34,901,261	-34,901,261
Equity at 31 December 2016	56,000,000	-110,411,921	-110,411,921

5 Non-current liabilities other than provisions

DKK	2016	2015
Mortgage loans		
Current portion	218,774,930	191,819,351
	218,774,930	191,819,351

6 Security for loans

The Company has put up a mortgage registered to the owner worth DKK 290,000,000 as security for its mortgage debt. The remaining debt constitutes DKK 218,774,930 at 31 December 2016.

Financial statements 1 January – 31 December

Notes

7 Other cotingent liabilities

Rent and lease liabilities concern a land lease with a term of notice of one year. The total obligation is DKK 6,065,316 (2015: DKK 4,884,910).

8 Staff Costs

There Comapny has no employees and no staff costs have been incurred.