Copenhagen Towers ApS

CVR No. 28 14 70 66

Annual report for the year ended 31 December 2014

Approved at the annual general meeting of shareholders on 29 June 2015

Chairman:

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Mette Kapsch

Building a better working world

Contents

Company details

Name	Copenhagen Towers ApS
Address, Postal code, City	Lautrupsgade 7, 3. tv, DK-2100 Copenhagen Ø, Denmark
CVR No.	28 14 70 66
Established	1 November 2004
Registered office	Copenhagen
Financial year	1 January - 31 December
Tel.	+45 39 13 99 00
Board of Directors	Oscar Claudius Crohn, Chairman Palle Sort David Overby Mette Kapsch
Executive Board	David Overby,
Auditors	Ernst & Young, Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
Bankers	Aareal Bank AG

Operating review

The Company's business review

Copenhagen Towers ApS owns a hotel and conference centre, which is rented to Crowne Plaza Copenhagen Towers A/S.

Recognition and measurement uncertainties

The Company's earnings were affected by construction in the area, and consequently, Management has carried out an impairment test of fixed assets. The test did not show a need to recognise any impairment losses.

Due to the above uncertainties regarding the earnings, the impairment test is subject to considerable uncertainties, and consequently, the carrying amount of fixed assets is subject to considerable uncertainties. If the assumptions used develop adversely, impairment losses may need to be recognised in the coming financial years.

Due to the improved revenue from the operations, Management has reversed impairment write downs from previous year's corresponding to this year's depreciations.

Reference is made to note 3 for more details.

Unusual matters having affected the financial statements

Going concern

In 2012, the Company entered into new financing agreements with the bank and the necessary liquidity was provided.

Loan agreements expire in 2017.

In connection with the decision to complete stage 2, the financial structure has been adapted and liquidity has been provided so that the operation of the properties and the construction activities can be realised in the coming period.

Management has prepared a sensitivity analysis on cash flow budgets showing that each entity will have sufficient liquidity to continue their operations until the presentation of the financial statements for 2015 under the current outlook, see below. After this, it is a condition for the Company's ability to remain a going concern that the earnings from the hotel activities increases ensuring that, the hotel activities result in an increased lease income and a positive result of the Company's forthcoming negotiations regarding refinancing.

Management expects to reach a new financing agreement during the coming year. Furthermore, Management expects that the earnings from the hotel activities will increase in connection with finalisation of the construction in the area.

The Company's equity is expected to be re-established over the coming years based on the described expectations and cancellation of debt.

Reference is made to note 2 for more details.

Financial review

In 2014, the company's revenue amounted to DKK 20,432 thousand against DKK 8,900 thousand last year. The income statement for 2014 shows a profit of DKK 9,136 thousand against a loss of DKK 132,861 thousand last year, and the balance sheet at 31 December 2014 shows a negative equity of DKK 623,052 thousand.

Post balance sheet events

No significant events have occurred after the balance sheet date that materially affect the financial statements at 31 December 2014.

Outlook

In the coming year, Management expects a positive development in the hotel activities resulting in increased lease income and positive results of the negotiations regarding refinancing, which is a condition for the Company's continued operations in 2016.

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 Copenhagen Towers ApS for the financial year 1 January - 31 December 2014.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2014 and of the results of the Company's operations for the financial year 1 January - 31 December 2014.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend the adoption of the annual report at the annual general meeting.

Copenhagen, 29 June 2015

Executive Board:

David Overby

Board of Directors:

Oscar Claudius Crohn Chairman	Palle Sort	David Overby
Mette Kapsch		

To the shareholders of Copenhagen Towers ApS

Independent auditors' report on the financial statements

We have audited the financial statements of Copenhagen Towers ApS for the financial year 1 January - 31 December 2014, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Further, Management is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including an assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by Management as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2014 and of the results of its operations for the financial year 1 January - 31 December 2014 in accordance with the Danish Financial Statements Act.

Emphasis-of-matter paragraph concerning matters in the financial statements

Without modifying our opinion, we draw attention to the uncertainties regarding the Company's going concern. We draw attention to note 2 in which Management states that it is a condition for the Company's ability to remain a going concern after 31 December 2015 that the earnings from the hotel activities increases ensuring that, the hotel activities result in an increased lease income and a positive result of the Company's forthcoming negotiations regarding refinancing. It is Management's assessment that these assumptions will be achieved, and consequently, the financial statements have been prepared on a going concern assumption.

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

Copenhagen, 29 June 2015
ERNST & YOUNG
Godkendt Revisionspartnerselskab

Anders Stig Lauritsen	Kaare Kristensen Lendorf
state authorised public accountant	state authorised public accountant

Income statement for the year ended 31 December

Notes		2014 DKKt	2013 DKKt
	Revenue	20,432	8,900
	Other operating income	3,282	1,867
	Other external expenses	-1,000	-1,055
	Gross profit	**22,714**	**9,712**
	Depreciation and impairment of property, plant and equipment	-1,177	-118,140
	Operating profit/loss	**21,537**	**-108,428**
	Value adjustment of intercompany receivables	47	14,444
	Financial expenses	-24,101	-39,005
	Profit/loss before tax	**-2,517**	**-132,989**
4	Tax for the year	11,653	128
	Profit/loss for the year	**9,136**	**-132,861**
	Recommended appropriation of the profit/loss for the year		
	Retained earnings	9,136	-132,861
		9,136	**-132,861**

Balance sheet at 31 December

Notes		2014 DKKt	2013 DKKt
	Assets		
	Fixed assets		
	Land and buildings	481,567	481,566
	Other fixtures and fittings, tools and equipment	5,794	6,972
5	**Property, plant and equipment**	**487,361**	**488,538**
	Total fixed assets	**487,361**	**488,538**
	Current assets		
	Receivables from group entities	7,304	2,973
	Income taxes receivable	0	128
	Other receivables	102	70
	Prepayments	526	261
	Receivables	**7,932**	**3,432**
	Cash	**8,342**	**414**
	Total current assets	**16,274**	**3,846**
	Total assets	**503,635**	**492,384**

Balance sheet at 31 December

Notes		2014 DKKt	2013 DKKt
	Equity and liabilities		
	Equity		
6	Share capital	125	125
	Retained earnings/Accumulated loss	-623,177	-634,928
	Total equity	**-623,052**	**-634,803**
	Liabilities		
	Bank debt	681,304	676,973
	Payables to group entities	363,519	366,299
7	**Long-term liabilities**	**1,044,823**	**1,043,272**
	Trade payables	63	39
	Payables to group entities	30,008	29,622
	Other payables	51,793	54,254
	Short-term liabilities	**81,864**	**83,915**
	Total liabilities	**1,126,687**	**1,127,187**
	Total equity and liabilities	**503,635**	**492,384**

Statement of changes in equity

(DKKt)	Share capital	Retained earnings	Total
Equity at 1/1 2014	125	-634,928	-634,803
Net adjustment of hedge instruments		2,615	2,615
Profit/loss for the year, cf. appropriation of profit/loss		9,136	9,136
Equity at 31/12 2014	**125**	**-623,177**	**-623,052**

1. Accounting policies

The annual report of Copenhagen Towers ApS has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies applied by the company are consistent with those of last year.

The financial statements of Copenhagen Towers ApS is a part of the consolidated financial statements of CT Solstra ApS.

Recognition and measurement in general

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Reporting currency

The financial statements are presented in Danish kroner.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised as other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity are recognised in the income statement in the period in which the hedged item affects the profit/loss for the year.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries are recognised directly in equity.

1. Accounting policies - continued

Income statement

Revenue

Revenue comprises income from the lease of properties, etc.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Other external expenses

Other external costs comprise costs for distribution, sale, advertising, administration, premises, bad debt losses, etc.

Financial expenses

Financial income and expenses comprise interest income and expense, realised and unrealised exchange gains and losses on payables and transactions denominated in foreign currencies, etc.

Tax

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

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

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

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. Land is not depreciated.

The basis of depreciation is cost less expected residual value at the end of the useful life.

Cost comprises the purchase price, financing costs 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.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected usefullives are as follows:

Buildings 20-50 years
Tools and equipment 10 years

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

1. Accounting policies - continued

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation. Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses after an individual assessment of receivables.

Prepayments

Prepayments, recognised under current assets, comprise costs incurred concerning subsequent years.

Corporation tax

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

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

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognised at the date of borrowing at cost corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

2. Uncertainty as to going concern

In 2012, the Company entered into new financing agreements with the bank and the necessary liquidity was provided.

Loan agreements expire in 2017.

In connection with the decision to complete stage 2, the financial structure has been adapted and liquidity has been provided so that the operation of the properties and the construction activities can be realised in the coming period.

Management has prepared a sensitivity analysis on cash flow budgets showing that each entity will have sufficient liquidity to continue their operations until the presentation of the financial statements for 2015 under the current outlook, see below. After this, it is a condition for the Company's ability to remain a going concern that the earnings from the hotel activities increases ensuring that, the hotel activities result in an increased lease income and a positive result of the Company's forthcoming negotiations regarding refinancing.

Management expects to reach a new financing agreement during the coming year. Furthermore, Management expects that the earnings from the hotel activities will increase in connection with finalisation of the construction in the area.

The Company's equity is expected to be re-established over the coming years based on the described expectations and cancellation of debt.

3. Recognition and measurement uncertainties

The Company's earnings was affected by construction in the area, and consequently, Management has carried out an impairment test of fixed assets. The test did not show a need to recognise any impairment losses.

Due to the above uncertainties regarding the earnings, the impairment test is subject to considerable uncertainties, and consequently, the carrying amount of fixed assets is subject to considerable uncertainties. If the assumptions used develop adversely, impairment losses may need to be recognised in the coming financial years.

4. Tax for the year

	2014 DKKt	2013 DKKt
Tax adjustments, prior years	-11,653	-128
	-11,653	**-128**

5. Property, plant and equipment

(DKKt)	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost			
Balance at 1/1 2014	863,174	11,770	874,944
Cost at 31/12 2014	**863,174**	**11,770**	**874,944**
Depreciation and impairment losses			
Balance at 1/1 2014	381,608	4,799	386,407
Depreciation in the year	30,820	1,177	31,997
Reversal of prior-year impairment losses	-30,821	0	-30,821
Depreciation and impairment losses at 31/12 2014	**381,607**	**5,976**	**387,583**
Carrying amount at 31/12 2014	**481,567**	**5,794**	**487,361**

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	31/12 2014 DKKt	31/12 2013 DKKt

6. Share capital

Analysis of the company's share capital, DKK 125 thousand:

	31/12 2014 DKKt	31/12 2013 DKKt
125,000 share(s) of DKK 1.00 each	125	125
	125	**125**

The company's share capital has remained DKK 125 thousand over the past 5 years.

7. Long-term liabilities

Analysis of long-term liabilities:

	Falling due between 1 and 5 years DKKt	Falling due after more than 5 years DKKt	Total long-term liabilities at 31/12 2014 DKKt	Current portion of long-term liabilities DKKt
Bank debt	681,304	0	681,304	0
Payables to group entities	363,519	0	363,519	0
	1,044,823	**0**	**1,044,823**	**0**

364 million of the Company's payables to group enterprises is subordinate to payables to credit institutions.

8. Security for loans

Registered mortgages, totalling DKK 695 million in the Company's property with a carrying amount of DKK 482 million, have been provided as collateral for the Company's debts to banks.

The Company's bank account has been charged.

9. Contingent liabilities and other financial obligations

Other contingent liabilities

The Company has been jointly taxed with the other Danish companies in the ALMC Group until 31 January 2014. Together with the other companies included in the joint taxation, the Company is jointly and severally liable for payment of income taxes for the income in the period of joint taxation and withholding taxes in the group of jointly taxed entities.

The Company is jointly taxed with the other Danish Companies in the CT Solstra Group. As a wholly-owned subsidiary, together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for payment of income taxes as well as withholding taxes.

10. Related parties

Information about consolidated financial statements:

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
CT Solstra ApS	Copenhagen	Lautrupsgade 7, DK-2100 Copenhagen

Related party transactions not carried through on normal market terms:

As a result of the Group's financial situation, no interest has been added to receivables and payables to affiliates.

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

Name	Domicile
Copenhagen Towers Holding ApS	Copenhagen