

# Copenhagen Towers Holding ApS

Lautrupsgade 7, 3. tv, 2100 Copenhagen Ø, Denmark

CVR No. 28 13 45 17



## Annual report for the year ended 31 December 2014

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

Chairman:

.....  
Mette Kapsch



Building a better  
working world

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### Company details

Name	Copenhagen Towers Holding ApS
Address, Postal code, City	Lautrupsgade 7, 3. tv, 2100 Copenhagen Ø, Denmark
CVR No.	28 13 45 17
Established	4 October 2004
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

## Operating review

### The Company's business review

The Company's objective is to hold ownership interests in Copenhagen Towers ApS. Copenhagen Towers ApS owns a hotel and conference centre, which is rented to Crowne Plaza Copenhagen Towers A/S.

### Unusual matters having affected the financial statements

#### *Going concern*

The Company's ability to remain a going concern is affected by the Group's ability to remain a going concern.

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 Group'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 Group'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 expects to re-established the equity over the coming years based on the described expectations and cancellation of debt.

Reference is made to note 2 for more details.

### Financial review

The income statement for 2014 shows a profit of DKK 2,751 thousand against a loss of DKK 25 thousand last year, and the balance sheet at 31 December 2014 shows a negative equity of DKK 66,821 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 Holding 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 Holding ApS

#### Independent auditors' report on the financial statements

We have audited the financial statements of Copenhagen Towers Holding 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 the Company's ability to remain a going concern is affected by the Group's ability to remain a going concern. Management states that it is a condition for the Group'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 Group'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  
state authorised public accountant

Kaare Kristensen Lendorf  
state authorised public accountant

## Income statement for the year ended 31 December

Notes	2014 DKKt	2013 DKKt
Other external expenses	<u>-39</u>	<u>-35</u>
<b>Gross profit/loss</b>	<b>-39</b>	<b>-35</b>
Value adjustment of intercompany receivables	<u>2,781</u>	<u>0</u>
<b>Profit/loss before tax</b>	<b>2,742</b>	<b>-35</b>
<sup>3</sup> Tax for the year	<u>9</u>	<u>10</u>
<b>Profit/loss for the year</b>	<b><u>2,751</u></b>	<b><u>-25</u></b>
<b>Recommended appropriation of the profit/loss for the year</b>		
Retained earnings	<u>2,751</u>	<u>-25</u>
	<b><u>2,751</u></b>	<b><u>-25</u></b>

## Balance sheet at 31 December

Notes	<u>2014</u> DKKt	<u>2013</u> DKKt
<b>Assets</b>		
Investments in group entities at cost	<u>0</u>	<u>0</u>
<b>Total assets</b>	<u><u>0</u></u>	<u><u>0</u></u>

## Balance sheet at 31 December

Notes	<u>2014</u> DKKt	<u>2013</u> DKKt
<b>Equity and liabilities</b>		
<b>Equity</b>		
5 Share capital	195,490	195,490
Retained earnings/Accumulated loss	<u>-262,311</u>	<u>-265,062</u>
<b>Total equity</b>	<u><u>-66,821</u></u>	<u><u>-69,572</u></u>
<b>Liabilities</b>		
Payables to group entities	66,789	66,755
Income taxes payable	0	2,789
Other payables	<u>32</u>	<u>28</u>
<b>Short-term liabilities</b>	<u><u>66,821</u></u>	<u><u>69,572</u></u>
<b>Total liabilities</b>	<u><u>66,821</u></u>	<u><u>69,572</u></u>
<b>Total equity and liabilities</b>	<u><u>0</u></u>	<u><u>0</u></u>

## Statement of changes in equity

(DKKt)	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1/1 2014	195,490	-265,062	-69,572
Profit/loss for the year, cf. appropriation of profit/loss		<u>2,751</u>	<u>2,751</u>
<b>Equity at 31/12 2014</b>	<b><u>195,490</u></b>	<b><u>-262,311</u></b>	<b><u>-66,821</u></b>

## 1. Accounting policies

The annual report of Copenhagen Towers Holding 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.

### Consolidated financial statements

In accordance with section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. We refer to the consolidated financial statements of the parents company in Denmark, 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.

### Income statement

#### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, 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 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).

## 1. Accounting policies - continued

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

#### Investments in group entities and associates

Investments in subsidiaries and associates are measured at cost. Dividends received which exceed the accumulated earnings in the subsidiary or the associate in the period of ownership are treated as a cost reduction.

#### Impairment of fixed assets

Every year, intangible assets and property, plant and equipment as well as investments in subsidiaries and associates are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

#### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

#### 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.

#### Other payables

Other payables are measured at net realisable value.

## 2. Uncertainty as to going concern

The Company's ability to remain a going concern is affected by the Group's ability to remain a going concern.

The Group's current loan agreements expire in 2017.

In connection with the decision to complete stage 2 of the Copenhagen Towers project, 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 Group'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 Group'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 expects to re-established the equity over the coming years based on the described expectations and cancellation of debt.

	<u>2014</u> DKKt	<u>2013</u> DKKt
<b>3. Tax for the year</b>		
Tax adjustments, prior years	-9	-10
	<u>-9</u>	<u>-10</u>

**4. Investments in group entities and associates**

	<u>Domicile</u>	<u>Interest (%)</u>
<b>Subsidiaries</b>		
Copenhagen Towers ApS	Copenhagen	100.00

**5. Share capital**

Analysis of the company's share capital, DKK 195,490 thousand:

195,490,418 share(s) of DKK 1.00 each	<u>195,490</u>	<u>195,490,418</u>
	<u>195,490</u>	<u>195,490,418</u>

The company's share capital has remained DKK 195,490 thousand over the past 5 years.

**6. Security for loans**

The Company's interest in Copenhagen Towers ApS, the carrying amount of which is DKK 0, has been provided as security for the Group's bank loans.

The Company has provided guarantees to loan in the development of stage 1 of the Copenhagen Towers.

**7. 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 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.

**8. Related parties**

**Information about consolidated financial statements:**

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent's consolidated financial statements</u>
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:

<u>Name</u>	<u>Domicile</u>
Copenhagen Skyline ApS	Lautrupsgade 7, DK-2100 Copenhagen