

TLG FAB S.à r.l.

Société à responsabilité limitée

Annual Accounts
as at December 31, 2016 and
for the year ended December 31, 2016

2, avenue Gaston Diderich
L-1420 Luxembourg

R.C.S. Luxembourg B 159.710
Share capital EUR 12,500

TLG FAB S.à r.l.
Annual Accounts
As at December 31, 2016

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Independent auditor's report

To the Shareholders of
TLG FAB S.à r.l.
2, avenue Gaston Diderich
L-1420 Luxembourg

Following our appointment, we have audited the accompanying annual accounts of TLG FAB S.à r.l. (the "Company"), which comprise the balance sheet as at 31 December 2016 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the annual accounts

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts and for such internal control as the Board of Managers determines is necessary to enable the preparation and presentation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the annual accounts.

Responsibility of the "réviseur d'entreprises agréé" (continued)

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

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of TLG FAB S.à r.l. as of 31 December 2016 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Ernst & Young
Société Anonyme
Cabinet de révision agréé



Pavel Nesvedov

TLG FAB S.à r.l.
Balance Sheet
As at December 31, 2016
(expressed in EUR)

ASSETS	Notes	2016 EUR	2015 EUR
FIXED ASSETS			
Tangible assets	2.2.1 / 4	28,990,888.60	29,548,515.71
CURRENT ASSETS			
Debtors	2.2.2		
Trade debtors			
becoming due and payable within one year	5	6,245.58	14,449.03
Other debtors			
becoming due and payable within one year	6	71,915.60	55,463.34
Cash at bank and in hand	2.2.3 / 7	4,593,647.74	3,992,304.38
TOTAL ASSETS		33,662,697.52	33,610,732.46
CAPITAL, RESERVES AND LIABILITIES	Notes	2016 EUR	2015 EUR
CAPITAL AND RESERVES	8		
Subscribed capital		12,500.00	12,500.00
Share premium account		33,651,500.10	33,651,500.10
Reserves			
Legal reserve		1,250.00	0.00
Profit or loss brought forward		(2,782,220.43)	(2,782,220.43)
Profit or loss for the financial year		1,986,244.95	1,827,137.12
		<u>32,869,274.62</u>	<u>32,708,916.79</u>
PROVISIONS	2.2.6		
Provisions for taxation	9	259,281.00	63,011.00
Other provisions	10	148,772.13	456,398.69
		<u>408,053.13</u>	<u>519,409.69</u>
CREDITORS	2.2.4		
Trade creditors			
becoming due and payable within one year	11	87,712.04	43,607.85
Other creditors			
Tax authorities	12	12,726.07	47,552.84
Other creditors			
becoming due and payable within one year	13	137,845.08	137,639.75
		<u>238,283.19</u>	<u>228,800.44</u>
DEFERRED INCOME	2.2.7	147,086.58	153,605.54
TOTAL CAPITAL, RESERVES AND LIABILITIES		33,662,697.52	33,610,732.46

The notes in the annex form an integral part of the annual accounts

TLG FAB S.à r.l.**Profit and Loss Account****For the financial year from January 1, 2016 to December 31, 2016****(expressed in EUR)**

	Notes	2016 EUR	2015 EUR
Net turnover	2.2.8 / 14	3,347,802.42	3,353,173.43
Other operating income	2.2.9 / 15	1,351,918.70	1,265,934.72
Raw materials and consumables and other external expenses			
Other external expenses	16	(134,730.19)	(150,177.35)
Value adjustments			
in respect of formation expenses and of tangible and intangible fixed assets	2.2.1 / 4	(561,127.11)	(561,078.03)
in respect of current assets	2.2.2	(14,718.39)	(24,432.45)
		<u>(575,845.50)</u>	<u>(585,510.48)</u>
Other operating expenses	17	(1,807,881.41)	(1,992,976.93)
Other interest receivable and similar income			
Other interest and similar income		5,085.93	2,914.73
Tax on profit or loss	18	(184,330.00)	(62,361.00)
Other taxes	19	(15,775.00)	(3,860.00)
Profit or loss for the financial year		<u>1,986,244.95</u>	<u>1,827,137.12</u>

The notes in the annex form an integral part of the annual accounts

TLG FAB S.à r.l.
Notes to the Annual Accounts
As at December 31, 2016

Note 1 – General

TLG FAB S.à r.l. (the "Company") was incorporated on March 14, 2011 as a "société à responsabilité limitée", within the definition of the Luxembourg law of August 10, 1915 on commercial companies, as amended, for an unlimited period of time. The Company was incorporated under the name EPISO Berlin Office Immobilien S.à r.l. In the extraordinary meeting of shareholders held before Maître Henri Hellinckx on September 30, 2014, the Company's name was changed to TLG FAB S.à r.l.

The registered office of the Company is established at 2, avenue Gaston Diderich, L-1420 Luxembourg.

According to the Company's articles of association, the financial year starts on January 1st and ends on December 31st of each year.

The Company's purpose is the creation, holding, development and realisation of a portfolio, consisting of interests and rights of any kind and of any other form of investment in entities of the Grand Duchy of Luxembourg and in foreign entities, whether such entities exist or are to be created, especially by way of subscription, acquisition by purchase, sale or exchange of securities or rights of any kind whatsoever, such as any equity instruments, debt instruments, patents and licenses, as well as the administration and control of such portfolio.

The Company may grant any form of security for the performance of any obligations of the Company or of any entity, in which it holds a direct or indirect interest or right of any kind or in which the Company has invested in any other manner or which forms part of the same group of entities as the Company, or of any director or any other officer or agent of the Company or of any entity, in which it holds a direct or indirect interest or right of any kind or in which the Company has invested in any other manner or which forms part of the same group of entities as the Company.

The Company may further lend funds or otherwise assist any entity, in which it holds a direct or indirect interest or right of any kind or in which the Company has invested in any other manner or which forms part of the same group of entities as the Company.

An additional purpose of the Company is the acquisition and sale of real estate properties either in the Grand Duchy of Luxembourg or abroad, including the direct or indirect holding of participations in Luxembourg or foreign companies, the principal object of which is the acquisition, development, promotion, sale, management and/or lease of real estate properties.

The Company may carry out all transactions, which directly or indirectly serve its purpose. Within such purpose, the Company may especially:

- raise funds through borrowing in any form or by issuing any securities or debt instruments, including bonds, by accepting any other form of investment or by granting any rights of whatever nature, subject to the terms and conditions of the law;
- participate in the incorporation, development and/or control of any entity in the Grand Duchy of Luxembourg or abroad; and
- act as a partner/shareholder with unlimited or limited liability for the debts and obligations of any Luxembourg or foreign entities.

TLG FAB S.à r.l.
Notes to the Annual Accounts (continued)
As at December 31, 2016

Note 2 – Principles, rules and valuation methods

2.1 General principles

The annual accounts are prepared in conformity with the Luxembourg legal and regulatory requirements and according to generally accepted accounting principles applicable in Luxembourg. The accounting policies and valuation principles are, apart from those enforced by the law, determined and applied by the Management.

2.2 Significant rules and valuation methods

The significant valuation rules of the Company can be summarised as follows:

2.2.1. Tangible assets

The tangible assets are valued at their acquisition cost including the incidental costs of acquisition or at their production cost, reduced by accumulated value adjustments. The tangible assets are depreciated over their estimated useful lives. The applicable rate of depreciation for buildings is 3% per annum on a straight-line basis. Land is not depreciated.

If the management determines that a permanent impairment has occurred in the value of a tangible asset, a value adjustment is made in order to reflect that loss. This value adjustment may not be continued if the reasons for which they were made have ceased to apply.

2.2.2 Debtors

Debtors are recorded at their nominal value. A value adjustment is made when their reimbursement is partly or completely in doubt. These value adjustments may not be continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.3 Cash at bank and in hand

Cash at bank and in hand is valued at its nominal value.

2.2.4 Debts

Debts are recorded at their repayment value.

2.2.5 Foreign currency translation

The Company maintains its accounting records in EUR and the annual accounts are expressed in EUR. The cost of investment expressed in a currency other than EUR is translated into EUR at historic rate.

- All the other assets expressed in currencies other than EUR are valued individually at the lower of their value translated into EUR at historic rates or at exchange rates prevailing at the balance sheet date.
- All liabilities expressed in a currency other than EUR are valued individually at the higher of their value translated at historic rates or at the exchange rates prevailing at the balance sheet date.
- Income and expenses in currencies other than EUR are translated into EUR at the exchange rates prevailing at the payment date.
- Consequently, only realised foreign exchange gain or losses and unrealised foreign exchange losses are reflected into the profit and loss account.

TLG FAB S.à r.l.
Notes to the Annual Accounts (continued)
As at December 31, 2016

2.2.6 Provisions

Provisions are determined at the end of the year. Provisions set up in previous years are reviewed regularly and may be written back to the profit and loss account.

2.2.7 Deferred income

Deferred income includes income received during the financial year, which relates to a subsequent financial year.

2.2.8 Net turnover

Turnover is stated net of value added tax on an accruals basis.

2.2.9 Other operating income

Other operating income is stated net of value added tax on an accrual basis.

Note 3 – Comparative figures

Following the amendment of the Luxembourg accounting law and the subsequent implementation of the new structure of the balance sheet and profit and loss account as well as the removal of the extraordinary charges and income captions as per January 1, 2016, the comparative figures for the year ended December 31, 2015 have been reclassified in certain cases in order to comply with the new structure. These reclassifications neither impact the result for the year ended as at December 31, 2015 nor the equity as of that date.

TLG FAB S.à r.l.
Notes to the Annual Accounts (continued)
As at December 31, 2016

Note 4 – Tangible assets

The tangible assets consist of real estate properties located in Leipzig, Germany, which the Company acquired in 2012.

The movements for the year are as follows:

	Land EUR	Building EUR	Total EUR
Gross book value			
Opening balance	12,996,722.77	18,702,601.07	31,699,323.84
Additions for the year	1,435.00	2,065.00	3,500.00
Closing balance	12,998,157.77	18,704,666.07	31,702,823.84
Accumulated value adjustments			
Opening balance	0.00	(2,150,808.13)	(2,150,808.13)
Charge for the year	0.00	(561,127.11)	(561,127.11)
Closing balance	0.00	(2,711,935.24)	(2,711,935.24)
Net book value - opening balance	12,996,722.77	16,551,792.94	29,548,515.71
Net book value - closing balance	12,998,157.77	15,992,730.83	28,990,888.60

Management believes that there is no permanent diminution in value of the tangible assets as at December 31, 2016.

A land charge over the properties is granted to Deutsche Postbank AG (refer to note 21).

Note 5 – Trade debtors

Trade debtors becoming due and payable within one year consist of rent and service charges receivables from tenants for an amount of EUR 6,245.58 (2015: EUR 14,449.03).

Note 6 – Other debtors

Other debtors becoming due and payable within one year can be disclosed as follows:

	2016 EUR	2015 EUR
Accrued income from parking lease agreement	65,143.96	53,117.34
VAT receivable Luxembourg	4,425.64	0.00
Rent deposit office lease Luxembourg office	2,346.00	2,346.00
	71,915.60	55,463.34

TLG FAB S.à r.l.
Notes to the Annual Accounts (continued)
As at December 31, 2016

Note 7 – Cash at bank and in hand

Cash at bank and in hand includes an amount of EUR 97,318.76 (2015: 97,247.15) of cash deposits received from tenants held in tenant deposit accounts. The corresponding liability towards the tenants is recorded in the balance sheet under Other creditors (refer to note 13).

Note 8 – Capital and reserves

The movements for the year are as follows:

	Subscribed capital	Share premium account	Legal reserve	Profit or loss brought forward	Profit or loss for the financial year	Dividend	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Opening balance	12,500.00	33,651,500.10	0.00	(2,782,220.43)	1,827,137.12	0.00	32,708,916.79
Allocation of prior year's result	0.00	0.00	1,250.00	0.00	(1,827,137.12)	1,825,887.12	0.00
Dividend payment	0.00	0.00	0.00	0.00	0.00	(1,825,887.12)	(1,825,887.12)
Result for the financial year	0.00	0.00	0.00	0.00	1,986,244.95	0.00	1,986,244.95
Closing balance	<u>12,500.00</u>	<u>33,651,500.10</u>	<u>1,250.00</u>	<u>(2,782,220.43)</u>	<u>1,986,244.95</u>	<u>0.00</u>	<u>32,869,274.62</u>

Subscribed capital

The subscribed capital of EUR 12,500.00 is represented by 12,500 shares with a par value of EUR 1.00 fully paid.

Legal reserve

In accordance with Luxembourg Company Law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve, which is not available for distribution to the shareholders. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital.

Note 9 – Provisions for taxation

Provisions for taxation can be disclosed as follows:

	2016 EUR	2015 EUR
Corporate income tax Germany	246,691.00	59,151.00
Net wealth tax Luxembourg	12,590.00	3,860.00
	<u>259,281.00</u>	<u>63,011.00</u>

TLG FAB S.à r.l.
Notes to the Annual Accounts (continued)
As at December 31, 2016

Note 10 – Other provisions

Other provisions can be disclosed as follows:

	2016	2015
	EUR	EUR
Service charge expenditure	45,570.00	58,455.00
Professional fees	44,489.07	51,269.39
Maintenance costs	37,720.32	344,820.12
Non-recoverable property expenses	20,627.74	1,628.68
Others	365.00	225.50
	148,772.13	456,398.69

The provisions for maintenance costs in 2015 included an amount of EUR 242,404.53 for non-recurring CapEx projects. These projects were completed during the year 2016.

Note 11 – Trade creditors

Trade creditors can be disclosed as follows:

	2016	2015
	EUR	EUR
Supplier payables	87,712.04	43,607.85
	87,712.04	43,607.85

Note 12 – Tax authorities

Tax authorities can be disclosed as follows:

	2016	2015
	EUR	EUR
VAT payable Germany	12,726.07	42,840.33
VAT payable Luxembourg	0.00	4,712.51
	12,726.07	47,552.84

TLG FAB S.à r.l.
Notes to the Annual Accounts (continued)
As at December 31, 2016

Note 13 – Other creditors

Other creditors becoming due and payable within one year can be disclosed as follows:

	2016 EUR	2015 EUR
Rent deposits received from tenants	97,318.76	97,247.15
Rent and service charges payable to tenants	40,526.32	40,392.60
	137,845.08	137,639.75

Note 14 – Net turnover

Net turnover consists of rental income derived from the properties owned by the Company.

Geographical breakdown:

		2016 EUR	2015 EUR
Country:			
Germany	100%	3,347,802.42	3,353,173.43
		3,347,802.42	3,353,173.43

Note 15 – Other operating income

Other operating income can be disclosed as follows:

	2016 EUR	2015 EUR
Income from recharged service charge expenditure to tenants	1,291,778.94	1,263,737.53
Insurance compensation	49,908.30	0.00
Write-off Luxembourg VAT liability previous years	6,192.58	2,197.19
Write-off German VAT liability previous years	4,038.88	0.00
	1,351,918.70	1,265,934.72

TLG FAB S.à r.l.
Notes to the Annual Accounts (continued)
As at December 31, 2016

Note 16 – Other external expenses

Other external expenses can be disclosed as follows:

	2016	2015
	EUR	EUR
Professional fees	59,608.45	70,838.00
Management fees Wisteria Investment Management S.à r.l.	36,001.00	26,375.00
Non-recoverable VAT	10,222.81	11,356.74
Rent office Luxembourg	10,200.00	10,233.30
Travel & entertainment expenses	9,679.75	9,038.28
Accounting software license fees	5,542.59	5,542.59
Bank charges	1,071.53	1,648.00
Others	2,404.06	8,145.44
Leasing commissions	0.00	7,000.00
	134,730.19	150,177.35

Note 17 – Other operating expenses

Other operating expenses can be disclosed as follows:

	2016	2015
	EUR	EUR
Service charge expenditure – recoverable	1,335,324.78	1,345,595.63
Maintenance and repair fees non-recoverable	397,097.72	602,565.75
Other property costs – non-recoverable	75,458.91	44,815.55
	1,807,881.41	1,992,976.93

Note 18 – Tax on profit or loss

Tax on profit or loss can be disclosed as follows:

	2016	2015
	EUR	EUR
Corporate income tax Germany	187,540.00	59,151.00
Corporate income tax Luxembourg - current year	0.00	3,210.00
Corporate income tax Luxembourg - reimbursement prior years	(3,210.00)	0.00
	184,330.00	62,361.00

The Company is subject to the applicable general tax regulations in Luxembourg.

The current income arising from the real estate located in Germany and capital gains realised on the sale of such real estate will not be taxable in Luxembourg but in Germany in accordance with the Luxembourg – Germany double tax treaty.

TLG FAB S.à r.l.
Notes to the Annual Accounts (continued)
As at December 31, 2016

Note 19 – Other taxes

Other taxes consist of net wealth tax Luxembourg.

Note 20 – Employee information

The Company does not have any employees as at December 31, 2016 (2015: none).

Note 21 – Off balance sheet commitments

A shareholder of the Company entered into a loan agreement with Deutsche Postbank AG in 2014 in order to partially finance the acquisition of the shares in the Company.

The following securities have been granted in favour of Deutsche Postbank AG by the Company:

- Assignment of claims from certain purchase agreements;
- Assignment of claims from certain insurance contracts;
- Assignment of claims from certain lease contracts;
- Land charge over the properties owned by the Company.

On April 15, 2015, the Company, as lender, entered into a loan facility agreement with its majority shareholder TLG IMMOBILIEN AG, as borrower, for a total amount of EUR 10,000,000.00. No drawdowns have been made by TLG IMMOBILIEN AG since entering into the facility agreement.

Note 22 – Subsequent events

There are no events which have occurred subsequent to December 31, 2016 that requires consideration as adjustments to or disclosures in the annual accounts as at December 31, 2016.