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**MORGAN STANLEY EQUITY
FINANCE (DENMARK) ApS**

Langelinie Allé 35
2100 København Ø
Business Registration No
28157924

Annual report 2017

The Annual General Meeting adopted the annual report on 29.05.2018

Chairman of the General Meeting



Name: Carsten Pals

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Entity details

Entity

MORGAN STANLEY EQUITY FINANCE (DENMARK) ApS
Langelinie Allé 35
2100 København Ø

Central Business Registration No (CVR): 28157924
Registered in: København
Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Iain MacLeod
Tina Øster Larsen
Carsten Pals

Executive Board

Iain MacLeod

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of MORGAN STANLEY EQUITY FINANCE (DENMARK) ApS for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We consider the preconditions for not auditing the financial statements for the financial year 01.01.2017 - 31.12.2017 as complied with.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 29.05.2018

Executive Board



Iain MacLeod

Board of Directors



Iain MacLeod



Tina Øster Larsen



Carsten Pals

The independent auditor's compilation report

To Management of MORGAN STANLEY EQUITY FINANCE (DENMARK) ApS

We have compiled the financial statements of MORGAN STANLEY EQUITY FINANCE (DENMARK) ApS for the financial year 01.01.2017 - 31.12.2017 based on the Entity's bookkeeping records and other information Management has provided.

These financial statements comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies.

We performed this compilation engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist Management in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct for professional accountants, including principles of integrity, objectivity, professional competence and due care.

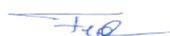
These financial statements and the accuracy and completeness of the information used to compile the financial statements are Management's responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the disclosures Management provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion about whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 29.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556



Flemming Larsen
State Authorised Public Accountant
Identification No (MNE) mne27790

Management commentary

Primary activities

The principal activity of Morgan Stanley Equity Finance (Denmark) ApS (the "Company") is to enter into financing transactions.

The Company's ultimate parent undertaking and controlling entity is Morgan Stanley which, together with the Company and its other subsidiary undertakings, form the Morgan Stanley Group (the "Group").

Development in activities and finances

Profit for the year after tax was EUR 101 thousand (2016: EUR 34 thousand).

During the year, no dividends were paid (2016: nil). EUR 101 thousand (2016: EUR 34 thousand) will be transferred to reserves.

The income statement for the year is set out on page 5. Both the level of business during the year and the financial position at the end of the year were in line with expectations. No significant change in the Company's principal business activity is expected.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2017

	<u>Notes</u>	<u>2017</u> EUR'000	<u>2016</u> EUR'000
Gross profit/loss		9	-6.287
Other operating expenses		-2	-6
Operating profit/loss		7	-6.293
Other financial income	2	143	220
Other financial expenses	3	-31	-127
Profit/loss before tax		119	-6.200
Tax on profit/loss for the year		-18	6.234
Profit/loss for the year		101	34
Proposed distribution of profit/loss			
Retained earnings		101	34
		101	34

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 EUR'000</u>	<u>2016 EUR'000</u>
Receivables from group enterprises		13.909	16.443
Income tax receivable		<u>6</u>	<u>0</u>
Receivables		<u>13.915</u>	<u>16.443</u>
Cash		<u>0</u>	<u>14</u>
Current assets		<u>13.915</u>	<u>16.457</u>
Assets		<u>13.915</u>	<u>16.457</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>EUR'000</u>	<u>2016</u> <u>EUR'000</u>
Contributed capital	4	10.017	10.017
Retained earnings		<u>2.466</u>	<u>2.365</u>
Equity		<u>12.483</u>	<u>12.382</u>
Payables to group enterprises		1.432	4.071
Income tax payable		<u>0</u>	<u>4</u>
Current liabilities other than provisions		<u>1.432</u>	<u>4.075</u>
Liabilities other than provisions		<u>1.432</u>	<u>4.075</u>
Equity and liabilities		<u>13.915</u>	<u>16.457</u>
Staff costs	1		
Related parties with controlling interest	5		
Transactions with related parties	6		

Statement of changes in equity for 2017

	Contributed capital EUR'000	Retained earnings EUR'000	Total EUR'000
Equity beginning of year	10.017	2.365	12.382
Profit/loss for the year	0	101	101
Equity end of year	10.017	2.466	12.483

Notes

	<u>2017</u>	<u>2016</u>
1. Staff costs		
Average number of employees	<u>0</u>	<u>0</u>

	<u>2017</u>	<u>2016</u>
	<u>EUR'000</u>	<u>EUR'000</u>
2. Other financial income		
Financial income arising from group enterprises	<u>143</u>	<u>220</u>
	<u>143</u>	<u>220</u>

	<u>2017</u>	<u>2016</u>
	<u>EUR'000</u>	<u>EUR'000</u>
3. Other financial expenses		
Financial expenses from group enterprises	<u>31</u>	<u>127</u>
	<u>31</u>	<u>127</u>

4. Contributed capital

The share capital consists of 10,016,762 shares at EUR 1 each. The share capital is not divided into different classes of shares. There have been no changes in share capital in the past five financial years.

	<u>EUR</u>
Share capital at 31 December 2017	<u>10,016,762</u>

5. Related parties with controlling interest

Controlling influence

Morgan Stanley	Ultimate parent	Registered in Delaware, USA
Morgan Stanley & Co International plc	Parent	Registered in the United Kingdom

Other related parties

The parties related to the Company are the other companies in the Morgan Stanley Group of which the Company forms part.

6. Transactions with related parties

Transactions

The Company has entered into transactions concerning services and financing with companies in the Morgan Stanley Group.

Notes

The Company has made no other related party transactions.

All transactions with related parties are at arm's length.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

Items included in the financial statements are measured and presented in Euro, the currency of the primary economic environment in which the Company operates

All currency amounts in the management commentary and the financial statements are rounded to the nearest thousand Euro.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Netting

Where there is a legally enforceable right to set off the recognised amounts and an intention to settle on a net basis or to realise the asset and the liability simultaneously, financial assets and financial liabilities are offset and the net amount is presented in the balance sheet. All other amounts are presented on a gross basis.

Foreign currency translation

All monetary assets and liabilities denominated in currencies other than Euro are translated into Euro at the rates ruling at the balance sheet date. Transactions in currencies other than Euro are recorded at the rates prevailing at the dates of the transactions. All translation differences are taken through the income statement. Exchange differences recognised in the income statement are presented in "Other financial income or other financial expenses".

Accounting policies

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and other operating income.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Company's primary activities.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for professional fees and bank charges.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Company's primary activities.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises.

Other financial expenses

Other financial expenses comprise including interest expenses on payables to group enterprises.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The tax rate for 2017 is 22% (2016: 22%).

Balance sheet

Receivables

The Company classifies its financial assets as receivables on initial recognition.

The Company classifies its financial liabilities as current liabilities other than provisions on initial recognition.

More information regarding these classifications is included below:

Receivables and current liabilities other than provision

Financial assets classified as receivables are initially recognised on settlement date at fair value and subsequently measured at amortised cost less allowance for impairment. Interest is recognised in 'Other financial income' in the income statement, using the effective interest method. Transaction costs that are directly attributable to the acquisition of the financial asset are added to or deducted from the fair value on initial recognition.

Accounting policies

Current liabilities other than provisions are initially recognised on settlement date at fair value and subsequently measured at amortised cost. Interest is recognised in the income statement in 'Other financial expenses' using the effective interest rate method as described below.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial instruments) and of allocating the interest income or interest expense over the expected life of the financial instruments. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, where appropriate, a shorter period) to the carrying amount of the financial instruments. The effective interest rate is established on initial recognition of the financial instrument.

The calculation of the effective interest rate includes all fees and commissions paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument.

Impairment of financial assets

At each balance sheet date, an assessment is made as to whether there is any objective evidence of impairment in the value of a financial asset classified as receivables. Impairment losses are recognised if an event has occurred, which will have an adverse impact on the expected future cash flows of an asset and the expected impact can be reliably estimated.

Impairment losses on receivables are measured as the difference between the carrying amount of the receivable and the present value of estimated cash flows discounted at the asset's original effective interest rate. Such impairment losses are recognised in the income statement within 'Other financial expenses' and are recognised against the carrying amount of the impaired asset in the balance sheet. Interest on the impaired asset continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

If in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any reversal is limited to the extent that the value of the asset may not exceed the original amortised cost of the asset had no impairment occurred.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.