

LF2 ehf.

**Merger Balance sheet
1. January 2016**

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Independent Auditor's Report

To the Board of Directors and Shareholders of LF2 ehf.

We have assisted the board of LF2 ehf. to compile attached Balance sheet for LF2 ehf., LF3 ehf., LF5 ehf., LF6 ehf., LF13 ehf. and Heimshótel ehf. in connection with the merger of those companies, where LF2 ehf. is the acquirer. The Balance sheet is based on the Financial statements for 2015 of the merged companies.

Reykjavík 10. June 2016

Ernst & Young ehf.



Jóhann Unnsteinsson
state authorities accountant

Balance sheet 1. January 2016

Assets

Fixed Assets

Investment Property	20.044
Shares in subsidiaries	20
Total Fixed assets	20.064

Current Assets

Receivables and other interim receivables	110
Due from Related Parties	1.975
Cash	462
Total Current Assets	2.547

Total	22.611
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Balance sheet 1. January 2016

Equity and Liabilities

Equity

Share Capital	627
Reserves	7.154
Statutory reserve	237
Revaluation account	977
Retained earnings	7.076
Total Equity	16.071

Liabilities

Non-Current Liabilities

Interest bearing debt	4.384
Deferred Income Tax Liability	1.504
Total Non-Current Liabilities	5.888

Current Liabilities

Interest bearing debt	46
Accounts Payable and other Current Liabilities	79
Due to Related Parties	408
Loans from Shareholders and Administrators	109
Deferred Income Taxes	10
Total Current Liabilities	652

Total Liabilities	6.540
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Total Equity and Liabilities	22.611
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Merger Balance Sheet LF5, LF2, LF3, LF6, LF13 and Heimshótel ehf. January 1st 2016

	LF2 (Acquirer)	LF3	LF5	LF6	LF13	Heimshótel	Merger postings	Balance sheet of merged companies 01.01.2016
Assets								
Fixed Assets								
Investment Property	5.569	3.799	3.334	4.923	231	2.188		20.044
Shares in subsidiaries	-	-	-	-	-	20		20
Total Fixed Assets	5.569	3.799	3.334	4.923	231	2.208	-	20.064
Current Assets								
Receivables and other interim receivables	3	3	1	2	-	101		110
Due from Related Parties	533	676	293	431	-	57		1.975
Cash	92	88	107	139	6	30		462
	628	767	401	572	6	188	-	2.547
TOTAL ASSETS	6.197	4.566	3.735	5.495	237	2.396	-	22.611
Equity and Liabilities								
Equity								
Share Capital	528	500	235	131	18	1	786	627
Reserves	3.388	13	2.112	756	99	-		7.154
Statutory reserve	78	71	46	25	17	-		237
Revaluation account	-	-	-	-	-	977		977
Retained earnings	1.973	2.459	1.146	1.374	68	56		7.076
TOTAL EQUITY	5.967	3.043	3.539	2.286	202	1.034	786	16.071
Liabilities								
Non-Current Liabilities								
Interest bearing debt	-	855	-	2.588	-	940		4.384
Deferred Income Tax Liability	200	465	180	404	12	243		1.504
TOTAL NON-CURRENT LIABILITIES	200	1.320	180	2.992	12	1.183	-	5.888
Current Liabilities								
Interest bearing debt	-	-	-	-	-	46		46
Accounts Payable and other Current Liabilities	4	19	11	16	16	13		79
Due to Related Parties	26	183	5	202	7	-	15	408
Loans from Shareholders and Administrators	-	-	-	-	-	109		109
Deferred Income Taxes	-	-	-	-	-	10		10
TOTAL CURRENT LIABILITIES	30	202	16	218	23	178	15	652
TOTAL LIABILITIES	230	1.522	196	3.210	35	1.361	15	6.540
TOTAL EQUITY AND LIABILITIES	6.197	4.566	3.735	5.496	237	2.395	801	22.611

