

Scandic Hotel A/S

Nansensgade 19, 7., 1366 København K

CVR no. 12 59 67 74

Annual report 2018

Approved at the Company's annual general meeting on 7 May 2019

Chairman:



A handwritten signature in black ink, written over a horizontal dotted line. The signature is stylized and appears to be 'L. M. Jensen'.

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	9
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Notes to the financial statements	13

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Scandic Hotel A/S for the financial year 1 January - 31 December 2018.

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 financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 7 May 2019
Executive Board:


Søren Faerber

Board of Directors:


Jens Jacob Mathiesen
Chairman
Jan Mikael Johansson
Tonny Poulsen
Søren Faerber

Independent auditor's report

To the shareholder of Scandic Hotel A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Scandic Hotel A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies ("financial statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities 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 and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 7 May 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31


Leif Ulbæk Jensen
State Authorised Public Accountant
mne23327

Management's review

Company details

Name	Scandic Hotel A/S
Address, Postal code, City	Nansensgade 19, 7., 1366 København K
CVR no.	12 59 67 74
Established	15 December 1988
Registered office	København
Financial year	1 January - 31 December
Website	www.scandichotels.dk
Telephone	+45 33 48 04 50
Telefax	+45 33 91 76 00
Board of Directors	Jens Jacob Mathiesen, Chairman Jan Mikael Johansson Tonny Poulsen Søren Faerber
Executive Board	Søren Faerber
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Stranvejen 44, DK-2900 Hellerup
Bankers	Nordea Bank

Management's review

Financial highlights

DKK'000	2018	2017	2016	2015	2014
Key figures					
Revenue	1,256,232	1,179,989	1,104,471	1,002,093	970,281
Profit before interest, tax and amortisation of goodwill (EBITA)	57,086	71,540	70,823	34,246	4,241
Net financials	-1,950	-2,172	-2,236	-2,723	-3,101
Profit/loss for the year	53,487	65,635	63,785	47,392	-3,410
Balance sheet					
Total assets	494,658	388,916	355,056	356,165	301,663
Investment in property, plant and equipment	-136,371	-61,436	-50,844	-50,799	-22,180
Equity	262,087	208,600	142,965	79,180	31,788
Financial ratios					
Operating margin	4.5%	6.1%	6.4%	3.4 %	0.4 %
Gross margin	44.4%	44.2%	43.6%	43.0%	40.8%
Return on assets	12.9%	19.2%	19.9%	10.4%	1.4%
Equity ratio	53.0%	53.6%	40.3%	22.2%	10.5%
Return on equity	22.7%	37.3%	57.4%	85.4%	-10.2%
Personnel					
Average number of employees	1,280	1,106	1,030	985	979

Management's review

Business review

The company carries on hotel and restaurant activities in Denmark.

Recognition and measurement uncertainties

Recognition and measurement in the Financial Statements have not been subject to any uncertainty.

Financial review

In 2018, the Company's revenue amounted to DKK 1,256,232 thousand against DKK 1,179,989 thousand last year. The income statement for 2018 shows a profit of DKK 53,487 thousand against a profit of DKK 65,635 thousand last year, and the balance sheet at 31 December 2018 shows equity of DKK 262,087 thousand.

Compared to the expectations included in the outlook section in the 2017 annual report, both revenue and net profit has been met. Management consider this net profit as satisfying.

Non-financial matters

Scandic is the largest hotel operator and market leader in Denmark. Scandic has destinations in many cities in Denmark with a majority of the hotels in and around Copenhagen. As at 31 December 2018 Scandic had 4,621 rooms at 26 hotels.

- In the autumn 2019 one hotel in Copenhagen will open with 334 rooms.
- In 2021 two hotels in Copenhagen will open with 357 rooms and with 632 rooms.
- In 2022 one hotel in Aarhus will open with 500 rooms.

Special risks

The Company has not drawn up any separate Risk report, as the parent company has done so for the entire Group. The report is rendered in the parent company's annual report and may be downloaded from the site www.scandichotelsgroup.com/en/financial-reports/.

Statutory CSR report

The Company has not drawn up any separate CSR report, as the parent company has done so for the entire Group. The report is rendered in the parent company's annual report and may be downloaded from the site www.scandichotelsgroup.com/en/financial-reports/.

Management's review

Account of the gender composition of Management

The board of directors of Scandic Hotel A/S currently consists of 4 males. This does not correspond to the company's target for the Board of Directors which is at least 1 of underrepresented gender of the Board of Directors.

As a Scandinavian group Scandic wants to promote diversity and ensure equal distribution of women and men in Scandic Management. The target is that the underrepresented gender should constitute at least 40% in 2024. In order to achieve this target, Scandic seeks to prioritize the target in the event of equally qualified candidates.

At 31 December 2018, the distribution of women and men in Scandic Hotel A/S was as follows:

Board of Directors:

Women: 0%
Men: 100%
Target: 25%

Country Management:

Women: 33%
Men: 67%
Target: 40%

Hotel Management groups:

Women: 61%
Men: 39%
Target: 40%

To download Scandic Group's Code of Conduct in its entirety, go to:
www.scandichotelsgroup.com/en/sustainability

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Reference is made to note 3 for more details.

Outlook

The Company's revenue for 2019 is expected to increase approximately by 8%. On this basis, a higher profit before tax is expected for 2019.

Unusual events

The financial position at 31 December 2018 of the Company and the results of the activities of the Company for the financial year for 2018 have not been affected by any unusual events.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2018	2017
4	Revenue	1,256,232	1,179,989
	Cost of sales	-81,309	-85,079
	Other operating income	5,088	4,918
	Other external expenses	-621,997	-578,156
	Gross margin	558,014	521,672
5	Staff costs	-456,872	-410,670
6	Amortisation/depreciation of property, plant and equipment	-44,056	-39,462
	Profit before net financials	57,086	71,540
7	Financial income	73	11
8	Financial expenses	-2,023	-2,183
	Profit before tax	55,136	69,368
9	Tax for the year	-1,649	-3,733
	Profit for the year	53,487	65,635

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	ASSETS		
	Fixed assets		
10	Property, plant and equipment		
	Buildings	0	0
	Fixtures and fittings, other plant and equipment	314,489	239,536
	Fixtures and fittings, other plant and equipment under construction	28,179	11,270
		<u>342,668</u>	<u>250,806</u>
11	Investments		
	Deposits, investments	15,754	15,646
		<u>15,754</u>	<u>15,646</u>
	Total fixed assets	<u>358,422</u>	<u>266,452</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	6,605	5,768
		<u>6,605</u>	<u>5,768</u>
	Receivables		
	Trade receivables	69,758	65,963
12	Deferred tax assets	21,000	21,000
	Other receivables	7,241	6,790
	Prepayments	31,279	22,626
		<u>129,278</u>	<u>116,379</u>
	Cash	353	317
	Total non-fixed assets	<u>136,236</u>	<u>122,464</u>
	TOTAL ASSETS	<u>494,658</u>	<u>388,916</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	EQUITY AND LIABILITIES		
	Equity		
13	Share capital	11,000	11,000
	Retained earnings	251,087	197,600
	Total equity	<u>262,087</u>	<u>208,600</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Prepayments received from customers	17,765	12,889
	Trade payables	121,979	77,098
	Payables to group enterprises	28,200	29,540
	Corporation tax payable	1,649	3,829
	Other payables	62,978	56,960
		<u>232,571</u>	<u>180,316</u>
	Total liabilities other than provisions	<u>232,571</u>	<u>180,316</u>
	TOTAL EQUITY AND LIABILITIES	<u>494,658</u>	<u>388,916</u>

- 1 Accounting policies
- 2 Capital position
- 3 Events after the balance sheet date
- 14 Contractual obligations and contingencies, etc.
- 15 Related parties
- 16 Fee to the auditors appointed by the Company in general meeting

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2017	11,000	131,965	142,965
17	Transfer, see "Appropriation of profit"	0	65,635	65,635
	Equity at 1 January 2018	11,000	197,600	208,600
17	Transfer, see "Appropriation of profit"	0	53,487	53,487
	Equity at 31 December 2018	11,000	251,087	262,087

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Scandic Hotel A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Scandic Hotels AB.

Basis of recognition and measurement

Revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet at cost. Subsequently, assets and liabilities are measured as described for each item below.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

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

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	15 years
Fixtures and fittings, other plant and equipment	3-10 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 is jointly taxed with Scandic Hotels Holding A/S. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Impairment of fixed assets

The carrying amount of property, plant and equipment is assessed for indication of impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Segment information

Information is disclosed by activity and geographical market. Segment information is based on the Company's accounting policies, risks and internal financial management.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines.

2 Capital position

The company has received a financial support letter from the parent company Scandic Hotels AB which will ensure that the Company's capital position is sufficient, taking into account the planned activities and expected capital needs. The financial support declaration covers until 31 December 2019.

3 Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

DKK'000	2018	2017
4 Segment information		
Hotel and conference	895,026	840,265
Restaurants (food and beverage)	341,174	321,627
Other	20,032	18,097
	1,256,232	1,179,989
Breakdown of revenue by geographical segment:		
Revenue, Denmark	1,256,232	1,179,989
	1,256,232	1,179,989

Segment information is represented in respect of business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2018	2017
5 Staff costs		
Wages/salaries	417,569	369,451
Pensions	34,115	30,445
Other social security costs	5,188	10,774
	456,872	410,670
 Average number of full-time employees	 1,280	 1,106
 By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
6 Depreciation of property, plant and equipment		
Depreciation of property, plant and equipment	44,056	39,462
	44,056	39,462
7 Financial income		
Other financial income	73	11
	73	11
8 Financial expenses		
Interest expenses, group entities	1,113	1,011
Other financial expenses	910	1,172
	2,023	2,183
9 Tax for the year		
Estimated tax charge for the year (Current tax)	1,649	3,733
	1,649	3,733

Financial statements 1 January - 31 December

Notes to the financial statements

10 Property, plant and equipment

DKK'000	Buildings	Fixtures and fittings, other plant and equipment	Fixtures and fittings, other plant and equipment under construction	Total
Cost at 1 January 2018	7,396	801,051	11,270	819,717
Additions	0	117,815	18,556	136,371
Disposals	0	-5,260	0	-5,260
Transferred	0	1,647	-1,647	0
Cost at 31 December 2018	<u>7,396</u>	<u>915,253</u>	<u>28,179</u>	<u>950,828</u>
Impairment losses and depreciation at 1 January 2018	7,396	561,515	0	568,911
Depreciation	0	44,056	0	44,056
Reversal of accumulated depreciation and impairment of assets disposed	0	-4,807	0	-4,807
Impairment losses and depreciation at 31 December 2018	<u>7,396</u>	<u>600,764</u>	<u>0</u>	<u>608,160</u>
Carrying amount at 31 December 2018	<u>0</u>	<u>314,489</u>	<u>28,179</u>	<u>342,668</u>
Depreciated over	<u>15 years</u>	<u>3-10 years</u>		

11 Investments

DKK'000	Deposits, investments
Cost at 1 January 2018	15,646
Additions	108
Cost at 31 December 2018	<u>15,754</u>
Carrying amount at 31 December 2018	<u>15,754</u>

12 Deferred tax assets

At 31 December 2018 the Company has an unrecognised tax asset. The basis for the calculation of the unrecognised tax asset is DKK 144 millions (2017: DKK 192 millions), whereof DKK 95 million is recognised in the balance sheet as of 31 December 2018 corresponding to a tax value of DKK 21 million. The tax asset recognised is expected to be utilized within a period of 3-5 years.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2018	2017
13 Share capital		
Analysis of the share capital:		
1 shares of DKK 10,000,000.00 nominal value each	10,000	10,000
1 shares of DKK 1,000,000.00 nominal value each	1,000	1,000
	<u>11,000</u>	<u>11,000</u>
14 Contractual obligations and contingencies, etc.		
Other contingent liabilities		
Rent and lease obligations, within 1 year	221,136	199,976
Rent and lease obligations, between 1 and 5 years	899,375	771,889
Rent and lease obligations, after 5 years	1,663,904	1,325,370
	<u>2,784,415</u>	<u>2,297,235</u>

The above figures includes operating leases with differing terms which have been entered into concerning operating equipment. Annual payments currently amounts to approx. DKK 19,5 million. Rental obligations concerning properties have been entered into with lease payments being partly fixed and partly based on revenue. The lease agreements have differing terms up to 20 years. Annual payments amounts to approx. DKK 216,1 million.

The Company is jointly taxed with its parent, Scandic Hotels Holding A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income as well as withholding taxes on interest, royalties and dividends.

In 2019-2022 there will be added 1.821 rooms at 4 new hotels (3 hotels in Copenhagen and 1 hotels in Aarhus) to the portfolio for Scandic Hotel A/S. The rental agreements regarding these hotels are not yet in force, and consequently the lease obligations are not disclosed.

15 Related parties

Scandic Hotel A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Scandic Hotels Group AB	PO BOX 6197, SE-102 33, Sveavägen 167, Stockholm, Sweden	Controlling shareholder for Scandic Hotels Holding A/S
Scandic Hotels Holding A/S	Nansensgade 19, 7., 1366 København K	Controlling shareholder

Information about consolidated financial statements

Parent	Domicile
Scandic Hotels Group AB	P.O BOX 6197 SE-102 33, Sveavägen 167, Stockholm, Sweden

Financial statements 1 January - 31 December

Notes to the financial statements

16 Fee to the auditors appointed by the Company in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Scandic Hotels AB.

DKK'000	<u>2018</u>	<u>2017</u>
17 Appropriation of profit		
Recommended appropriation of profit	53,487	65,635
Retained earnings	<u>53,487</u>	<u>65,635</u>