

Hapimag Danmark A/S

c/o Advokatfirmaet Bang/Brorsen & Fogtdal
Torvet 9
4800 Nykøbing F
Denmark

CVR no. 13 86 38 49

Annual report for the period 1 January – 31 December 2018

The annual report was presented and approved at
the Company's annual general meeting on

27 May 2019



chairman

Hapimag Danmark A/S
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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 Hapimag Danmark A/S for the financial year 1 January – 31 December 2018.

The annual report, which has not been audited, is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position 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 matters discussed in the Management's review.

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

Nykøbing F, 22 May 2019
Executive Board:



Oriano Schubiger

Board of Directors:



Elisabeth Nymann Eriksen
Chairman



Johann Lüthold



Oriano Schubiger

Management confirms that the Company fulfills the requirements to be exempt of audit.



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Auditor's report on the compilation of financial statements

To the Management of Hapimag Danmark A/S

We have compiled the financial statements of Hapimag Danmark A/S for the financial year 1 January – 31 December 2018 based on the Company's bookkeeping records and other information provided by you. The financial statements comprise income statement, balance sheet and notes, including accounting policies.

We performed our work in accordance with ISRS 4410 *Engagements to Compile Financial Statements*.

We have applied our expertise in accounting and financial reporting to assist you 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 Auditors Act and FSR - Danish Auditors' ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

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

Copenhagen, 22 May 2019
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Klaus Ritz
State Authorised
Public Accountant
mne33205

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Management's review

Company details

Hapimag Danmark A/S
c/o Advokatfirmaet Bang/Brorsen & Fogtdal
Torvet 9
4800 Nykøbing F
Denmark

Telephone: +45 54 87 15 50
Fax: +45 54 87 15 91
Website: www.hapimag.com

CVR no.: 13 86 38 49
Established: 1 January 1990
Registered office: Guldborgsund
Financial year: 1 January – 31 December

Board of Directors

Elisabeth Nymann Eriksen, Chairman
Johann Lüthold
Oriano Schubiger

Executive Board

Oriano Schubiger

Management's review

Operating review

Principal activities

The Company's main activity is to run the holiday resort in Nysted, which comprises 55 holiday flats situated on Lolland. The Company is part of the Hapimag Group in Switzerland which operates holiday resorts in 17 countries.

The Company ceased its activities at Nysted resort at the end of October 2009. The holiday resort has not carried out any rental of holiday flats to Hapimag's members in 2018. Since 2011, Hapimag has leased the resort to the company Den Gamle Gaard i Stubberup ApS.

Uncertainty regarding recognition and measurement

The valuation of the holiday resort is by nature related to a high degree of uncertainty.

Development in activities and financial position

The loss for the year amounts to DKK 691 thousand (2017: loss of DKK 1,170 thousand). The Company's equity amounts to a negative of DKK 4,501 thousand (2017: a negative of DKK 3,811 thousand).

Capital resources

The Company has lost its share capital, which is why Hapimag AG has issued a letter of support in order to provide the Company with sufficient liquidity until end of May 2019.

Hapimag AG has stated that they will not demand repayment of a loan in the amount of DKK 10,200 thousand until the Company has sufficient cash resources. Based on this, it is Management's assessment that the Company is going concern.

Outlook

Management expects negative result for 2019.

Events after the balance sheet date

No events have occurred after the balance sheet date that materially affect the Company's financial position at 31 December 2018.

Deselection of audit

It is expected that the Company will choose not to have the statutory financial statements audited next year.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2018	2017
Gross loss		<u>-201,647</u>	<u>-450,272</u>
Depreciation, amortisation and impairment		<u>-487,401</u>	<u>-717,833</u>
Operating loss		<u>-689,048</u>	<u>-1,168,105</u>
Financial expenses		<u>-1,971</u>	<u>-1,820</u>
Loss before tax		<u>-691,019</u>	<u>-1,169,725</u>
Tax on profit/loss for the year	2	<u>0</u>	<u>0</u>
Loss for the year		<u><u>-691,019</u></u>	<u><u>-1,169,725</u></u>
Proposed distribution of loss			
Retained earnings		<u>-691,019</u>	<u>-1,169,725</u>
		<u><u>-691,019</u></u>	<u><u>-1,169,725</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2018	31/12 2017
ASSETS			
Fixed assets			
Property, plant and equipment			
Investment properties		<u>7,938,677</u>	<u>8,426,077</u>
Total fixed assets		<u>7,938,677</u>	<u>8,426,077</u>
Current assets			
Receivables			
Trade receivables		166,143	125,032
Other receivables		20,470	86,608
Prepayments		<u>20,216</u>	<u>19,335</u>
		<u>206,829</u>	<u>230,975</u>
Cash at bank and in hand		<u>204,886</u>	<u>389,912</u>
Total current assets		<u>411,715</u>	<u>620,887</u>
TOTAL ASSETS		<u><u>8,350,392</u></u>	<u><u>9,046,964</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2018	31/12 2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital	3	4,000,000	4,000,000
Retained earnings		<u>-8,501,595</u>	<u>-7,810,576</u>
Total equity		<u>-4,501,595</u>	<u>-3,810,576</u>
Liabilities			
Current liabilities other than provisions			
Payables to group entities		12,779,243	12,779,243
Other payables		<u>72,744</u>	<u>78,297</u>
Total liabilities		<u>12,851,987</u>	<u>12,857,540</u>
TOTAL EQUITY AND LIABILITIES		<u>8,350,392</u>	<u>9,046,964</u>
Mortgages and collateral	4		
Related party disclosures	6		

Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of Haplomag Danmark A/S for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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, payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross Profit

Revenue comprises invoiced sale/rental income for the year less price reductions directly attributable to the sale.

Other operating Income comprises secondary items in relation to the Company's principal activity.

Other external costs comprise operating costs and maintenance.

Financial income and expenses

Financial Income and expenses comprise interest income and expense, capital and exchange gains and losses.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Refurbishment and extensions	5-60 years
Other fixtures and fittings, tools and equipment	5-14 years
Buildings	27 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

2 Tax on loss for the year

No current or deferred tax is incumbent on the Company. The Company has a deferred tax asset not recognised in the financial statements as it is uncertain whether it is possible for the Company to use the tax asset.

3 Equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2018	4,000,000	-7,810,576	-3,810,576
Transferred over the distribution of loss	0	-691,019	-691,019
Equity at 31 December 2018	4,000,000	-8,501,595	-4,501,595

The share capital consists of 4,000 shares of a nominal value of DKK 1,000 each.

All shares rank equally.

The Company has lost its share capital which is why Hapimag AG has issued a letter of support in order to provide the Company with sufficient liquidity until end of May 2020.

4 Mortgages and collateral

The Company has granted a mortgage in the amount of DKK 4,000 thousand on land and buildings, property, plant and equipment owned by the Company.

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5 Staff costs

	2018	2017
Average number of full-time employees	0	0

6 Related party disclosures

Hapimag Danmark A/S' related parties comprise the following:

Control

Hapimag AG, Sumpfstrasse 18, 6312 Steinhausen, Switzerland.

Hapimag AG holds the majority of the share capital in the Company.

Related party transactions

Hapimag AG has stated that it will not demand repayment of loan in the amount of DKK 10,200 thousand until the Company has sufficient cash resources to repay the debt or part thereof without negatively affecting Hapimag Danmark A/S' ability to continue as a going concern.

Hapimag has stated that the loan of DKK 10,200 thousand is subordinated to all other creditors.

The letter of subordination is of indefinite duration.

The long-term debt to the parent company is a non-interest bearing liability.

Consolidated financial statements

Hapimag Danmarks A/S is part of the consolidated financial statements of Hapimag AG, Switzerland, which is the smallest group in which the Company is included as subsidiary.

The consolidated financial statements of Hapimag AG can be obtained by contacting the Company.