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# ***BCHG Properties A/S***

Center Boulevard 5, DK-2300 København S

## **Annual Report for 18 August 2016 - 30 October 2017**

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CVR No 37 93 96 92

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
28/3 2018

Mette Kapsch  
Chairman



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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of BCHG Properties A/S for the financial year 18 August 2016 - 30 October 2017.

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 at 30 October 2017 of the Company and of the results of the Company operations for the financial year.

We recommend that the Annual Report be adopted at the Annual General Meeting.

København, 28 March 2018

## Executive Board

Johan Ewald Lorentzen  
CEO

Henrik Gram  
Executive Officer

## Board of Directors

David Robson Overby  
Chairman

Mette Kapsch

Johan Ewald Lorentzen

# Independent Auditor's Report

To the Shareholder of BCHG Properties A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 October 2017 and of the results of the Company's operations for the financial year 18 August 2016 - 30 October 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of BCHG Properties A/S for the financial year 18 August 2016 - 30 October 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials 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 Statements Act. We did not identify any material misstatement in Management's Review.

# Independent Auditor's Report

## 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 about 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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

# Independent Auditor's Report

Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the 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, 28 March 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Torben Jensen  
statsautoriseret revisor  
mne18651

Claus Carlsson  
statsautoriseret revisor  
mne29461

## **Company Information**

### **The Company**

BCHG Properties A/S  
Center Boulevard 5  
DK-2300 København S

CVR No: 37 93 96 92  
Financial period: 18 August - 30 October  
Municipality of reg. office: København

### **Board of Directors**

David Robson Overby, Chairman  
Mette Kapsch  
Johan Ewald Lorentzen

### **Executive Board**

Johan Ewald Lorentzen  
Henrik Gram

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## **Management's Review**

Financial Statements of BCHG Properties A/S for the financial year has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

### **Main activity and reorganization in 2016**

The object of the Company is to operate a business of investment in real property, rental services and other business that the board of directors deems to incidental thereto.

It is the first financial year for the Company. It's net assets were contributed in kind as per 31 October 2016 from Bellakvarter A/S.

### **Development in the year**

The income statement of the Company for the financial year shows a negative result of TDKK -622, and at 30 October 2017 the balance sheet of the Company shows equity of TDKK 263,985.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.



## Income Statement 18 August - 30 October

	<u>Note</u>	<u>2016/17</u> TDKK
<b>Gross profit/loss</b>		<b>44.751</b>
Revaluations		9.246
<b>Profit/loss before financial income and expenses</b>		<b>53.997</b>
Financial expenses		-12.337
<b>Profit/loss before tax</b>		<b>41.660</b>
Tax on profit/loss for the period	1	-42.282
<b>Net profit/loss for the period</b>		<b>-622</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		-622
		<b>-622</b>

# Balance Sheet 30 October

## Assets

	<u>Note</u>	<u>2017</u> TDKK
Investment properties		1.054.865
<b>Property, plant and equipment</b>	<b>2</b>	<b><u>1.054.865</u></b>
<b>Fixed assets</b>		<b><u>1.054.865</u></b>
Trade receivables		17.739
Other receivables		6.422
Prepayments		152
<b>Receivables</b>		<b><u>24.313</u></b>
<b>Cash at bank and in hand</b>		<b><u>1.514</u></b>
<b>Currents assets</b>		<b><u>25.827</u></b>
<b>Assets</b>		<b><u>1.080.692</u></b>

# Balance Sheet 30 October

## Liabilities and equity

	<u>Note</u>	<u>2017</u> TDKK
Share capital		1.000
Reserve for hedging transactions		6.258
Retained earnings		<u>256.727</u>
<b>Equity</b>	<b>3</b>	<b><u>263.985</u></b>
Provision for deferred tax		<u>169.289</u>
<b>Provisions</b>		<b><u>169.289</u></b>
Credit institutions		<u>598.901</u>
<b>Long-term debt</b>	<b>4</b>	<b><u>598.901</u></b>
Credit institutions	4	27.975
Prepayments received from customers		139
Trade payables		438
Payables to group enterprises		16.721
Other payables		<u>3.244</u>
<b>Short-term debt</b>		<b><u>48.517</u></b>
<b>Debt</b>		<b><u>647.418</u></b>
<b>Liabilities and equity</b>		<b><u>1.080.692</u></b>
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## Statement of Changes in Equity

	Share capital	Share premium account	Reserve for hedging transactions	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Paid in equity at 18 August - cash contribution	500	0	0	0	500
Capital increase - contribution in kind	500	257.349	0	0	257.849
Fair value adjustment of hedging instruments	0	0	6.258	0	6.258
Net profit/loss for the year	0	0	0	-622	-622
Transfer from share premium account	0	-257.349	0	257.349	0
<b>Equity at 30 October</b>	<b>1.000</b>	<b>0</b>	<b>6.258</b>	<b>256.727</b>	<b>263.985</b>

# Notes to the Financial Statements

	2016/17
	TDKK
<b>1 Tax on profit/loss for the period</b>	
Current tax for the year	2.874
Deferred tax for the year	39.408
	<u>42.282</u>
<b>2 Assets measured at fair value</b>	
	Investment pro- perties
	TDKK
Cost at 18 August - cash contribution	0
Additions from contribution in kind	1.043.356
Additions for the year	2.263
Cost at 30 October	<u>1.045.619</u>
Value adjustments at 18 August - cash contribution	0
Revaluations for the year	9.246
Value adjustments at 30 October	<u>9.246</u>
<b>Carrying amount at 30 October</b>	<u><b>1.054.865</b></u>

## Assumptions underlying the determination of fair value of investment properties

Investment properties are measured at fair value. The fair value is calculated by using generally accepted valuation methods.

# Notes to the Financial Statements

## 3 Equity

The share capital consists of 1,000,000 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2016/17
	TDKK
Share capital at 18 August - cash contribution	500
Capital increase - contribution in kind	500
<b>Share capital at 30 October</b>	<b>1.000</b>

## 4 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2017
	TDKK
<b>Credit institutions</b>	
After 5 years	434.225
Between 1 and 5 years	164.676
Long-term part	598.901
Within 1 year	27.975
	<b>626.876</b>

## 5 Contingent assets, liabilities and other financial obligations

### Charges and security

The following assets have been placed as security with mortgage credit institutes:

Investment property with a book value per 30 October of DKK	1.054.865
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### Guarantee obligations

The Company is guarantor with liability for whatever amount BCHG Holding A/S and BC Hospitality Group A/S may owe Nordea Danmark in the future, including interest and expenses in the event of default.

# Notes to the Financial Statements

2017  
TDKK

## 5 Contingent assets, liabilities and other financial obligations (continued)

### Other contingent liabilities

BCHG Properties are currently required to maintain parking opportunities for 2,300 cars in relation to BC Hospitality activities. Currently the land for parking are rented from Bellakvarter A/S. BCHG Properties A/S is together with Bellakvarter A/S in dialogue with Copenhagen Municipality about the future parking requirement, so that it can be clarified before extensive construction of p-houses is commenced. BCHG Properties A/S is furthermore in dialogue with Bellakvarter A/S about the financial aspects of the p-houses, including whether it can be agreed, that parking opportunities still will be available from Bellakvarter A/S against payment for rent of parking area, rather than BCHG Properties A/S construct their own p-houses.

The Solstra Investments A/S' Group's Danish companies are jointly and severally liable for tax on the Group's income subject to joint taxation, etc. for 2017. The total amount is disclosed in the Annual Report of Solstra Investments A/S, which is the administration company for joint taxation purposes.

## 6 Related parties

Related parties are considered to be the Board of Directors, Key management and Solstra Investments A/S's subsidiaries.

### Basis

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#### Controlling interest

BCHG Holding A/S	Lautrupsgade 7 2100 København Ø Holding 100 % of the votes in the Company
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#### Consolidated Financial Statements

The Company is included in the Consolidated Financial Statements of Solstra Investments A/S and the ultimate parent company Solstra Holdings Cyprus Ltd., Cyprus. As a result of the legislation in Cyprus the Consolidated Financial Statements are not published.

Name	Place of registered office
Solstra Investments A/S	Copenhagen

# Notes to the Financial Statements

## 7 Accounting Policies

The Annual Report of BCHG Properties A/S for the period 18 August 2016 - 30 October 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for the financial year are presented in TDKK.

### Recognition and measurement

Revenues are 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 when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.



# Notes to the Financial Statements

## 7 Accounting Policies (continued)

### **Derivative financial instruments**

Derivative financial instruments, including cash flow hedges through interest rate swaps after tax, are recognised at fair value. Amortisation and changes in the fair values of derivative financial instruments are recognised the hedged transaction expires.

### **Hedge accounting**

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

## **Income Statement**

### **Revenue**

Revenue consists of rental income from property rental.

### **Gross profit/loss**

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

# Notes to the Financial Statements

## 7 Accounting Policies (continued)

### Tax on profit/loss for the period

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Investment properties

Properties is in the Balance Sheet classified as investment property. Investment properties comprise of the Bella Center property.

Investment properties are initially recognised at cost, including transaction costs. The carrying amount includes the cost of replacing part of existing investment properties at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of investment properties. Subsequent to initial recognition, investment properties is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the period in which they arise.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

# Notes to the Financial Statements

## 7 Accounting Policies (continued)

### Financial debts

Financial debts are recognised initially as the proceeds received net of transaction expenses incurred. Subsequently, interest-bearing debt is measured at amortised cost determined based on the effective interest rate at the time of borrowing. Remaining debt is measured at amortised cost, corresponding to nominal debt outstanding.