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

Center Boulevard 5, DK-2300 København S

## **Annual Report for 1 January - 31 December 2019**

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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  
19/8 2020

Mette Kapsch  
Chairman of the General  
Meeting



**pwc**

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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 1 January - 31 December 2019.

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 31 December 2019 of the Company and of the results of the Company operations for 2019.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

København, 10 July 2020

## Executive Board

Henrik Gram  
CEO

## Board of Directors

David Robson Overby  
Chairman

Mette Kapsch

Johan Ewald Lorentzen

Henrik Gram

# 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 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of BCHG Properties A/S for the financial year 1 January - 31 December 2019, 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.

## Independent Auditor's Report

- 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 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, 10 July 2020

**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: 1 January - 31 December  
Municipality of reg. office: Copenhagen

### **Board of Directors**

David Robson Overby, Chairman  
Mette Kapsch  
Johan Ewald Lorentzen  
Henrik Gram

### **Executive Board**

Henrik Gram

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## **Management's Review**

Financial Statements of BCHG Properties A/S for 2019 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 Annual Report has been prepared under the same accounting policies as last year.

### **Key activities**

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.

### **Development in the year**

The income statement of the Company for 2019 shows a profit of TDKK 15,618, and at 31 December 2019 the balance sheet of the Company shows equity of TDKK 345,359.

### **Subsequent events**

Besides the information in note 1 and note 2 to the financial statements, no other events materially affect the assessment of the Annual Report have occurred after the balance sheet date.



## Income Statement 1 January - 31 December

	<u>Note</u>	<u>2019</u> TDKK	<u>2018</u> TDKK
<b>Gross profit/loss before value adjustments</b>		<b>46.147</b>	<b>45.761</b>
Revaluations		-11.374	-294
<b>Gross profit/loss</b>		<b>34.773</b>	<b>45.467</b>
Financial income	3	0	1.255
Financial expenses	4	-13.464	-11.883
<b>Profit/loss before tax</b>		<b>21.309</b>	<b>34.839</b>
Tax on profit/loss for the period	5	-5.691	-7.722
<b>Net profit/loss for the year</b>		<b>15.618</b>	<b>27.117</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		15.618	27.117
		<b>15.618</b>	<b>27.117</b>

# Balance Sheet 31 December

## Assets

	Note	2019 TDKK	2018 TDKK
Investment properties	6	1.054.865	1.054.865
Property, plant and equipment in progress	7	81.777	9.149
<b>Property, plant and equipment</b>		<b>1.136.642</b>	<b>1.064.014</b>
<b>Fixed assets</b>		<b>1.136.642</b>	<b>1.064.014</b>
Receivables from group enterprises		5.247	152
Other receivables		316	24.054
<b>Receivables</b>		<b>5.563</b>	<b>24.206</b>
<b>Cash at bank and in hand</b>		<b>39.949</b>	<b>1.587</b>
<b>Currents assets</b>		<b>45.512</b>	<b>25.793</b>
<b>Assets</b>		<b>1.182.154</b>	<b>1.089.807</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2019 TDKK	2018 TDKK
Share capital		1.190	1.000
Reserve for hedging transactions		-14.380	307
Retained earnings		358.549	288.118
<b>Equity</b>	8	<b>345.359</b>	<b>289.425</b>
Provision for deferred tax		179.970	173.370
<b>Provisions</b>		<b>179.970</b>	<b>173.370</b>
Credit institutions		508.289	550.587
Payables to group enterprises		66.200	0
<b>Long-term debt</b>	9	<b>574.489</b>	<b>550.587</b>
Credit institutions	9	42.174	41.848
Trade payables		10.615	321
Payables to group enterprises	9	5.292	31.811
Other payables		24.255	2.445
<b>Short-term debt</b>		<b>82.336</b>	<b>76.425</b>
<b>Debt</b>		<b>656.825</b>	<b>627.012</b>
<b>Liabilities and equity</b>		<b>1.182.154</b>	<b>1.089.807</b>
Going concern	1		
Subsequent events	2		
Contingent assets, liabilities and other financial obligations	10		
Related parties	11		
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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
Equity at 1 January	1.000	0	307	288.120	289.427
Capital increase - contribution in kind	190	54.811	0	0	55.001
Fair value adjustment of hedging instruments	0	0	-16.878	0	-16.878
Tax effect	0	0	2.191	0	2.191
Net profit/loss for the year	0	0	0	15.618	15.618
Transfer from share premium account	0	-54.811	0	54.811	0
<b>Equity at 31 December</b>	<b>1.190</b>	<b>0</b>	<b>-14.380</b>	<b>358.549</b>	<b>345.359</b>

# Notes to the Financial Statements

## 1 Going concern

Following the outbreak of COVID-19, the company's tenant has experienced a significant slowdown in hotel and conference activities after the end of the financial year.

The result of the above is that the tenant's liquidity is expected to be very tight during 2020. The company's ability to continue operations depends on the tenant's ability to pay rent, which again depends on a number of uncertainties in the form of, among other things; the prevalence of COVID-19, the temporal extent of restrictions that affect business activities, economic aid packages, and the speed at which the economy recovers after COVID-19.

As a result of these factors, there is uncertainties that can raise doubt about the company's ability to continue operations. The Company has entered into an amendment to the lease agreement with the tenant, so the tenant will pay lease based on a percentage of obtained relevant revenue from 1 July 2020 up to at latest 1 January 2024 or to the time where the relevant revenue is normalized, if earlier. Furthermore, the Company has obtained a subordinated loan from the majority shareholder of the Company of DKK 30 million. Management expects that the tenant will be able to pay rent as it falls due under the amendment to the lease agreement and that the funds available as of 10 July 2020, including the new loan of DKK 30 million will be adequately up to and beyond 31 December 2020. Management therefore submits the annual report on the basis of continued operations.

## 2 Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company. Consequently, the assessments of fair value adjustments made by Management at 31 December 2019 is based on the future cash flows expected by Management at 31 December 2019, which may differ from the cash flows expected by Management at the time of adoption of the Annual Report.

However, the Company's only tenant is affected as several of its customers have halted a number of existing and new conferences. Moreover, the tenant has been negatively impacted by the significant decline in business activities. Therefore, the tenant may not be able to pay lease when it falls due. Management is monitoring development closely.

## 3 Financial income

	<u>2019</u> TDKK	<u>2018</u> TDKK
Other financial income	0	1.255
	<u>0</u>	<u>1.255</u>

## Notes to the Financial Statements

### 4 Financial expenses

Interest paid to group enterprises	329	203
Other financial expenses	13.135	11.680
	<u>13.464</u>	<u>11.883</u>

### 5 Tax on profit/loss for the period

Current tax for the year	(909)	4.160
Deferred tax for the year	6.600	3.505
Adjustment of deferred tax concerning previous years	0	57
	<u>5.691</u>	<u>7.722</u>

# Notes to the Financial Statements

## 6 Assets measured at fair value

	Investment pro- perties <u>TDKK</u>
Cost at 1 January	1.045.913
Additions for the year	11.874
Disposals for the year	<u>(500)</u>
Cost at 31 December	<u>1.057.287</u>
Value adjustments at 1 January	8.952
Revaluations for the year	<u>(11.374)</u>
Value adjustments at 31 December	<u>(2.422)</u>
<b>Carrying amount at 31 December</b>	<b><u>1.054.865</u></b>

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

Investment properties are measured at fair value. The determination of fair value is based on generally accepted valuation methods, and Management uses accounting estimates when determining the fair value. The use of accounting estimates implies that the statement of fair value is subject to some uncertainty. The fair value is stated based on assumptions as of 31 December that Management considers probable and realistic and do not take into consideration potential impact of COVID-19. Management reassesses assumptions on a current basis, and any changes to the assumptions are reflected in the fair value. The key assumptions applied when determining the fair value are expected rent level and discount rate applied.

## 7 Property, plant and equipment

	Property, plant and equipment in progress <u>TDKK</u>
Cost at 1 January	9.149
Additions for the year	<u>72.628</u>
Cost at 31 December	<u>81.777</u>
<b>Carrying amount at 31 December</b>	<b><u>81.777</u></b>

# Notes to the Financial Statements

## 8 Equity

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

The share capital has developed as follows:

	2019 TDKK	2018 TDKK	2017 TDKK
Share capital at 1 January	1.000	1.000	1.000
Capital increase	190	0	0
Capital decrease	0	0	0
<b>Share capital at 31 December</b>	<b>1.190</b>	<b>1.000</b>	<b>1.000</b>

## 9 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:

	2019 TDKK	2018 TDKK
<b>Credit institutions</b>		
After 5 years	294.817	382.891
Between 1 and 5 years	213.472	167.696
Long-term part	508.289	550.587
Within 1 year	42.174	41.848
	<b>550.463</b>	<b>592.435</b>
<b>Payables to group enterprises</b>		
After 5 years	66.200	0
Long-term part	66.200	0
Other short-term debt to group enterprises	5.292	31.811
	<b>71.492</b>	<b>31.811</b>



## Notes to the Financial Statements

	<u>2019</u> TDKK	<u>2018</u> TDKK
<b>10 Contingent assets, liabilities and other financial obligations</b>		
<b>Charges and security</b>		
The following assets have been placed as security with mortgage credit institutes:		
Investment properties with a book value at 31 December	1.054.865	1.054.865
<b>Guarantee obligations</b>		
The Company is guarantor with liability for whatever amount BCHG Holding A/S and BC Hospitality Group A/S may owe Nordea Danmark, branch of Nordea Bank AB (Publ), Nordea Bank Finland OY and Nordea Kredit A/S in the future, including interest and expenses in the event of default.		
<b>Other contingent liabilities</b>		
Construction contracts regarding construction of new Congress Hall	146.743	0

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 2019. The total amount is disclosed in the Annual Report of Solstra Investments A/S, which is the administration company for joint taxation purposes.

# Notes to the Financial Statements

## 11 Related parties

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

	<b>Basis</b>
<b>Controlling interest</b>	
Alshair Fiyaz, Monaco	Ultimate owner
ALFI Mark Trust, Liechtenstein	Ultimate parent company
Makerina Investments Ltd., Cyprus	Intermediate parent company
Solstra Holdings Cyprus Ltd., Cyprus	Intermediate parent company
Solstra Investments A/S, Copenhagen	Intermediate parent company
Bella Solstra Holding A/S, Copenhagen	Intermediate parent company
Bella Solstra A/S, Copenhagen	Intermediate parent company
BCHG Holding A/S, Copenhagen	Immediate parent company

BCHG Holding A/S is holding 100% of the votes in the Company

### Consolidated Financial Statements

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

Name	Place of registered office
Solstra Investments A/S	Copenhagen

# Notes to the Financial Statements

## 12 Accounting Policies

The Annual Report of BCHG Properties A/S for 2019 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 accounting policies applied remain unchanged from last year.

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

## 12 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, gross profit/loss is calculated as a summary of revenue and other external expenses.

### 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

## 12 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 subsidiaries of Solstra Investments A/S. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Investment properties

#### *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.

#### *Other property, plant and equipment*

### 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.

# Notes to the Financial Statements

## 12 Accounting Policies (continued)

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.

### 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.