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

Center Boulevard 5, DK-2300 København S

## **Annual Report for 2022**

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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 23/5 2023

Jacob Kjær  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of BCHG Properties A/S for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 31 March 2023

## Executive Board

Christian Folden Lund  
CEO

Jacob Kjær  
CFO

## Board of Directors

Martin Gaarn Thomsen  
Chairman

Christian Riis-Hansen

Peter Korsholm

# 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 2022, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 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 Statements Act. We did not identify any material misstatement in 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.

# Independent Auditor's report

## 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 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, 31 March 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Torben Jensen

State Authorised Public Accountant

mne18651

Claus Carlsson

State Authorised Public Accountant

mne29461

## Company information

<b>The Company</b>	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
<b>Board of Directors</b>	Martin Gaarn Thomsen, chairman Christian Riis-Hansen Peter Korsholm
<b>Executive Board</b>	Christian Folden Lund Jacob Kjær
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

# Management's review

## 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 be incidental thereto.

## Development in the year

The income statement of the Company for 2022 shows a profit of TDKK 102,109, and at 31 December 2022 the balance sheet of the Company shows positive equity of TDKK 167,126. The profit for the year is impacted by the value adjustment of investment properties of DKK 58 million and refinancing of the debt resulting in a net capital gain of DKK 43 million, which has been recognised as financial income.

## Subsequent events

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

## Income statement 1 January - 31 December

	Note	2022	2021
		TDKK	TDKK
<b>Gross profit before value adjustments</b>		<b>48,482</b>	<b>79,087</b>
Value adjustments of assets held for investment		58,343	0
<b>Gross profit/loss after value adjustments</b>		<b>106,825</b>	<b>79,087</b>
Financial income	1	43,379	0
Financial expenses	2	-20,865	-32,404
<b>Profit/loss before tax</b>		<b>129,339</b>	<b>46,683</b>
Tax on profit/loss for the year	3	-27,230	-3,348
<b>Net profit/loss for the year</b>		<b>102,109</b>	<b>43,335</b>

## Distribution of profit

	2022	2021
	TDKK	TDKK
<b>Proposed distribution of profit</b>		
Retained earnings	102,109	43,335
	<b>102,109</b>	<b>43,335</b>



## Balance sheet 31 December

### Assets

	Note	2022 TDKK	2021 TDKK
Investment properties		984,412	926,070
<b>Property, plant and equipment</b>	4	<b>984,412</b>	<b>926,070</b>
<b>Fixed assets</b>		<b>984,412</b>	<b>926,070</b>
Receivables from group enterprises		63,202	14,341
Other receivables		171	728
<b>Receivables</b>		<b>63,373</b>	<b>15,069</b>
<b>Cash at bank and in hand</b>		<b>8,154</b>	<b>24,011</b>
<b>Current assets</b>		<b>71,527</b>	<b>39,080</b>
<b>Assets</b>		<b>1,055,939</b>	<b>965,150</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2022 TDKK	2021 TDKK
Share capital	5	1,190	1,190
Retained earnings		165,936	63,827
<b>Equity</b>		<b>167,126</b>	<b>65,017</b>
Provision for deferred tax		100,444	82,891
<b>Provisions</b>		<b>100,444</b>	<b>82,891</b>
Credit institutions		609,663	720,980
Payables to group enterprises		66,200	66,200
<b>Long-term debt</b>	6	<b>675,863</b>	<b>787,180</b>
Credit institutions	6	95,226	22,243
Trade payables		0	350
Payables to group enterprises		0	63
Payables to group enterprises relating to corporation tax		9,334	711
Other payables		7,946	6,695
<b>Short-term debt</b>		<b>112,506</b>	<b>30,062</b>
<b>Debt</b>		<b>788,369</b>	<b>817,242</b>
<b>Liabilities and equity</b>		<b>1,055,939</b>	<b>965,150</b>
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## Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	1,190	63,827	65,017
Net profit/loss for the year	0	102,109	102,109
<b>Equity at 31 December</b>	<b>1,190</b>	<b>165,936</b>	<b>167,126</b>

# Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>1. Financial income</b>		
Other financial income	43,379	0
	<u>43,379</u>	<u>0</u>
	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>2. Financial expenses</b>		
Interest paid to group enterprises	1,032	0
Other financial expenses	19,833	32,404
	<u>20,865</u>	<u>32,404</u>
	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>3. Income tax expense</b>		
Current tax for the year	9,334	-2,373
Deferred tax for the year	19,121	7,397
Adjustment of tax concerning previous years	342	-1,676
Adjustment of deferred tax concerning previous years	-1,567	0
	<u>27,230</u>	<u>3,348</u>

# Notes to the Financial Statements

## 4. Assets measured at fair value

	Investment properties
	TDKK
Cost at 1 January	1,403,154
Cost at 31 December	1,403,154
Value adjustments at 1 January	-477,085
Revaluations for the year	58,343
Value adjustments at 31 December	-418,742
<b>Carrying amount at 31 December</b>	<b>984,412</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 2022 that Management considers probable and realistic. 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, including amendment and addition to rent agreement and yield rate at 7.85% (2021: 7.55%).

A change in yield rate with +/- 1% will affect the fair value with + DKK 145 million / - DKK 112 million. A change in yearly rent level with + / - DKK 10 million will affect the fair value with + / - DKK 117 million.

## 5. Share capital

The share capital consists of 1,189,656 shares of a nominal value of TDKK 1. No shares carry any special rights.

# Notes to the Financial Statements

## 6. 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:

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>Credit institutions</b>		
After 5 years	401,069	376,715
Between 1 and 5 years	208,594	344,265
Long-term part	<u>609,663</u>	<u>720,980</u>
Within 1 year	95,226	22,243
Short-term part	<u>95,226</u>	<u>22,243</u>
	<b><u>704,889</u></b>	<b><u>743,223</u></b>
<b>Payables to group enterprises</b>		
After 5 years	66,200	66,200
Long-term part	<u>66,200</u>	<u>66,200</u>
Within 1 year	0	0
Other short-term debt to group enterprises	0	63
Short-term part	<u>0</u>	<u>63</u>
	<b><u>66,200</u></b>	<b><u>66,263</u></b>
	<u>2022</u>	<u>2021</u>
	TDKK	TDKK

## 7. Contingent assets, liabilities and other financial obligations

### Charges and security

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

Investment properties with a book value at 31 December	984,412	926,070
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### Guarantee obligations

The Company is guarantor with liability for whatever amount BCHG Holding A/S, Bella Operation A/S and CP Hotel 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.

# Notes to the Financial Statements

## Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of TMC Invest 2021 ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability. For the income year up to 15 June 2021, the company is jointly and severally liable for tax on the jointly taxed incomes etc., of the Solstra Investments A/S Group and for the period after 16 June 2021 the company is jointly and severally liable for tax on the jointly taxed incomes etc. of the TMC Invest 2021 ApS' Group. The total amount of corporation tax payables is disclosed in the Annual Report of TMC Invest 2021 ApS, which is the management company for the joint taxations group.

## 8. Related parties and disclosure of consolidated financial statements

### Consolidated Financial Statements

The Company is included in the Consolidated Financial Statements of BCHG Holding A/S and the ultimate parent company TMC Invest 2021 ApS.

<u>Name</u>	<u>Place of registered office</u>
TMC Invest 2021 ApS	Copenhagen
BCHG Holding A/S	Copenhagen

# Notes to the Financial Statements

## 9. Accounting policies

The Annual Report of BCHG Properties A/S for 2022 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 2022 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

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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.

### Income statement

#### Rental income

Revenue consists of rental income from property rental.

#### Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

#### Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of rental income, other operating income and other external expenses.



# Notes to the Financial Statements

## Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

## Financial income and expenses

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

## Tax on profit/loss for the year

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 TMC Invest 2021 ApS group. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## Balance sheet

### Investment properties

Investment properties constitute land and buildings held to earn a return on the invested capital by way of current operating income and/or capital appreciation on sale.

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed assets comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

Interest expenses on loans are not recognised in cost during construction and reconstruction periods.

After the initial recognition investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

### 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, including the tax base of tax loss carry-forwards, 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

## Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

## Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.