
BC Hospitality Group A/S

Center Boulevard 5, DK-2300 København S

Annual Report for 31 October - 31 December 2017

CVR No 37 93 98 38

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
24/5 2018

Michael Wejp-Olsen
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of BC Hospitality Group A/S for the financial year 31 October - 31 December 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 31 December 2017 of the Company and of the results of the Company operations and cash flows for the financial year.

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

København, 24 May 2018

Executive Board

Allan Linneberg-Agerholm
CEO

Pernille Damm Nielsen
CFO

Board of Directors

David Robson Overby
Chairman

Mette Kapsch

Johan Ewald Lorentzen

Henrik Gram

Malina Lebrecht Hye
Staff Representative

Jimmi Smidt
Staff Representative

Independent Auditor's Report

To the Shareholder of BC Hospitality Group 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 2017 and of the results of the Company's operations for the financial year 31 October - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of BC Hospitality Group A/S for the financial year 31 October - 31 December 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.

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.

Independent Auditor's Report

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 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.

Independent Auditor's Report

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, 24 May 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Torben Jensen
statsautoriseret revisor
mne18651

Claus Carlsson
statsautoriseret revisor
mne29461

Company Information

The Company

BC Hospitality Group A/S
Center Boulevard 5
DK-2300 København S

CVR No: 37 93 98 38
Financial period: 31 October - 31 December
Municipality of reg. office: København

Board of Directors

David Robson Overby, Chairman
Mette Kapsch
Johan Ewald Lorentzen
Henrik Gram
Malina Lebrecht Hye
Jimmi Smidt

Executive Board

Allan Linneberg-Agerholm
Pernille Damm Nielsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a two-year period, the development of the Company is described by the following financial highlights:

	<u>2017**</u>	<u>2016/17*</u>
	TDKK	TDKK
Key figures		
Profit/loss		
Revenue	143.386	941.803
Gross profit/loss	49.694	357.723
Profit/loss before financial income and expenses	-14.603	-3.548
Net financials	-1.424	-8.239
Net profit/loss for the year	-12.292	-10.462
Balance sheet		
Balance sheet total	430.490	397.126
Equity	-5.238	7.054
Investment in property, plant and equipment	7.764	34.978
Number of employees	601	669
Ratios		
Gross margin	34,7%	38,0%
Solvency ratio	-1,2%	1,8%
Return on equity	-1.353,7%	-296,6%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

*The financial period covers 18 August 2016 - 30 October 2017.

**The financial period covers 31 October 2017 - 31 December 2017.

Management's Review

The financial statements of BC Hospitality Group A/S for the period 31 October 2017 to 31 December 2017 has been prepared in accordance with the provision of the Danish Financial Statement Act applying to large enterprises of reporting class C.

It is the second financial year for the Company, and the financial period covers 2 months of operation, whereas the first financial year covered 12 months of operation.

Main activity

BC Hospitality Group A/S operates Copenhagen Marriott, AC Hotel Bella Sky Copenhagen and the Bella Center Copenhagen activities through long-term rental agreements of the properties for the activities and Crowne Plaza Copenhagen Tower through a management agreement.

Development in the year

In 2017, BC Hospitality Group A/S reinforced its business and achieved top- and bottom-line growth and a very satisfactory result with revenue of DKK 953.8 million for the calender year and DKK 143.4 million for the current 2 months financial period. The Company thus consolidated the turnaround which began back in 2014, and further affirmed its position as a leading hospitality operator in Northern Europe. In 2017, the Company also continued its efforts to update, develop new products and market the various brands in the portfolio, and the positive results achieved to date pave the way for further expansion within the hospitality area.

Results for the year

Gross profit was positive by DKK 49.7 million for 2017, which are not comparable to gross profit of DKK 357.7 million realised for the 12 month period ended 30 December 2017 due to seasonality and different length of the reporting period.

The positive operating figures for the calender year are primarily due to a significant increase in the number of sold rooms and operational efficiency measures in organising congresses and exhibitions. Moreover, the Company is seeing good progress in recurring major trade shows and international congresses; recent years' establishment of shared services within the Company continues to realise good synergies in the support and back-office functions, and the shared services contribute positively by enhancing guests' and customers' service experience.

Management's Review

Hosting Moments That Matter

Focus continued in 2017 on creating ultimate guest experiences based on BC Hospitality Group A/S' all-round 'Hosting Moments That Matter' strategy, and, combined with a focused 'One Team' effort, this resulted in very satisfied guests and employees across the Company's business areas.

Thus, guest satisfaction at the Company's three hotels remained in top with impressive rankings on the TripAdvisor Top-25, Crowne Plaza Copenhagen Tower being in top 10, the Copenhagen Marriott Hotel in top 15 and AC Hotel Bella Sky Copenhagen in top 25 (among 119 Copenhagen hotels).

In total, BC Hospitality Group A/S welcomed about 1.2 million guests in 2017, 0.6 million of whom stayed at the hotels.

Also in 2017, BC Hospitality Group A/S participated in the 'Great Place to Work' initiative, and for the first time saw all three hotels in the portfolio - AC Hotel Bella Sky Copenhagen, Crowne Plaza Copenhagen Towers and the Copenhagen Marriott Hotel – being ranked among the 30 most attractive and versatile medium-sized workplaces in Denmark.

Awards and nominations

In 2017 the Copenhagen Marriott Hotel was, for the first time, selected as the best hotel in the Copenhagen area in 2017 ('Bedste Hotel i København & Omegn 2017') at the annual Danish Travel Awards organised by the Danish travel industry. Moreover, in June 2017, Bella Center Copenhagen was nominated by the International Association of Convention Centres (AIPC) for its comprehensive implementation of the new wireless network service 'Tomorrow's Wi-Fi Today', and the Company as a whole was nominated for the Copenhagen Business Award 2017 in the 'Environment and Social Responsibility' category. The latter due to its focused efforts on the inclusion of vulnerable groups (in this case specifically refugees) on the Danish labour market.

Investments and divestments

In July 2017, BCHG Holding A/S sold the iconic building housing AC Hotel Bella Sky Copenhagen to the Norwegian investor group Wenaasgruppen. The hotel is, however, still operated by BC Hospitality Group A/S, and the divestment has not influenced day-to-day management and operation.

At the Copenhagen Marriott Hotel, the renovation of the hotel fitness centre and of the luxury suite The Royal Suite was completed in 2017. Furthermore, a comprehensive reconstruction and re-positioning of the 'Sky Bar' on the 23rd floor of AC Hotel Bella Sky Copenhagen was commenced in 2017 and is expected to be completed in the early summer of 2018 when the 'Sky Bar' will be replaced by a new and exciting international restaurant and bar concept. Finally, the very successful launch of the new Cruise Shuttle Bus Service for the many cruise passengers staying at the hotels was also launched in 2017.

Management's Review

Focus on sustainability

The Company has committed to integrate sustainability as a key element of its business strategy and therefore always chooses the most sustainable solution where it makes sense and adds value. This 360 holistic approach 'Responsible Hospitality' implies that – besides providing the best service to our guests and customers – everyone takes responsibility for the impact of our business on society, the environment and our surroundings – this is part of the Company's DNA.

In 2017, BC Hospitality Group A/S started endorsing the UN global goal for sustainable development, and, among other things, became an active member of Global Compact Denmark. The many sustainable initiatives during the year included the efforts to introduce sustainable procedures through e.g. significant reduction of especially the Bella Center Copenhagen's energy consumption in close cooperation with Schneider Electric as well as the implementation of new food waste management tools. Thus, all chefs in our kitchens are now using a mobile food waste management App, which already in 2017 resulted in significant reduction of food waste.

As the first restaurant in Denmark, the restaurant BARK at Crowne Plaza Copenhagen Towers moreover launched the so-called 'Treatbox' in close cooperation with Unilever Food Solutions in 2017 – a to-go box for guests who want to take home their good left-overs. The Company also unabatedly continued its efforts to increase diversity at the workplace – in 2017, the Company thus employed 79 different nationalities and made an active contribution to the integration of vulnerable groups – particularly refugees – within the Danish labour market through successful local cooperation with the Municipality of Roskilde in connection with the insourcing of housekeeping at the Copenhagen Marriott Hotel. Finally, the Company successfully launched an annual event – 'Responsible Hospitality Day' – to create a shared space for the hotel, tourism and restaurant industry to exchange perspectives and challenges and jointly reach new, innovative and sustainable solutions.

More on the subject is found in the supplementary report 'Responsible Hospitality Report 2017' of BC Hospitality Group A/S which is also available at www.responsiblehospitality.dk, which, too, was launched by the Company in 2017.

As regards the statement of corporate social responsibility required by section 99a of the Danish Financial Statements Act, reference is also made to the CSR report 'Responsible Hospitality Report 2017' mentioned above.

Management's Review

Statement regarding the underrepresented gender in accordance with section 99b of the Danish Financial Statement Act.

BC Hospitality Group A/S is required to report on diversity with respect to Board composition and gender split on other management level within the Company.

BC Hospitality Group A/S has not obtained equal representation on its Board of directors (1 woman and 3 men). The Company will work towards obtaining equal representation on its Boards of directors within the next coming years. With respect to other management levels (group Executive Directors) equal representation has been obtained.

Outlook

Against the backdrop of strong financial results and consolidation of the position as market leading in Northern Europe, BC Hospitality Group A/S is facing 2018 well-prepared and with continued focus on outstanding service, sustainable business solutions and future growth potential.

In 2018, Bella Center Copenhagen expects very high profiled international and local congresses and events with estimated attendance figures reaching 73,000, while the three internationally recognised hotel brands, with a total of 1,584 rooms, are expecting to generate growing activity from both business and leisure customers. Therefore, focus will be directed also going forward at generating further synergies between the multi-faceted business areas of the Company, and despite increased competition and hotel capacity in the Copenhagen area, the hotels are expected to continue delivering good results, in terms of revenue as well as earnings, in 2018. Among other things, the relaunch of the 'Sky Bar' on the 23rd floor of AC Hotel Bella Sky Copenhagen under a new name and concept is expected to attract more customers.

In early 2018, the Company moreover announced that, in cooperation with ATP, it had embarked on the development of Nordea's former headquarters in Copenhagen – previously referred to as the 'Desert Fort' ('Ørkenfortet') – into a 400-room Hilton Hotel of a high international standard. Hilton Copenhagen City Center is expected to open end 2020, depending on the process of the local area development plan.

In conclusion, other initiatives in 2018 will include the trendsetting food fair Bite Copenhagen as well as parts of the summit 'World Food Summit - Better Food for More People' organised by the Ministry of Environment and Food of Denmark, which will in 2018 move to Bella Center Copenhagen. Generally, trade fairs will continue to have high priority, the Copenhagen Book Fair ('BogForum') and CIFF being among the key players.

Management's Review

Organisationally and in terms of investments, focus will continue in 2018 on reaping further economies of scale from fully integrated operations with optimised business processes and more efficient production planning. Finally, BC Hospitality Group A/S will also launch a new Employer Branding initiative as well as an internal BC Academy module that is to contribute towards attracting and retaining highly qualified and motivated manpower in the Company.

Based on the above as well as the annual results, the Company's expected EBITDAR for 2018 are at the same level as realised for the calendar year 2017.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2017 of the Company and the results of the activities of the Company for the financial year for 2017 have not been affected by any unusual events.

Subsequent events

On 28 March 2018 the Company received notification from the Parent Company BCHG Holding A/S that the Company will be relieved from the debt to the Parent Company. See also note 15

Income Statement 31 October - 31 December 2017

	Note	31.10.2017 - 31.12.2017 TDKK	18.08.2016 - 30.10.2017 TDKK
Revenue	2	143.386	941.803
Expenses for raw materials and consumables		-30.202	-169.759
Other external expenses		-63.490	-414.321
Gross profit/loss		49.694	357.723
Staff expenses	3	-57.581	-314.711
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-5.917	-43.999
Other operating expenses		-799	-2.561
Profit/loss before financial income and expenses		-14.603	-3.548
Financial income	5	16	152
Financial expenses	6	-1.440	-8.391
Profit/loss before tax		-16.027	-11.787
Tax on profit/loss for the year	7	3.735	1.325
Net profit/loss for the year		-12.292	-10.462

Distribution of profit

Proposed distribution of profit

Retained earnings		-12.292	-10.462
		-12.292	-10.462

Balance Sheet 31 December 2017

Assets

	Note	31.12.2017 TDKK	30.10.2017 TDKK
Goodwill		59.553	60.072
Intangible assets	8	59.553	60.072
Other fixtures and fittings, tools and equipment		83.722	85.410
Leasehold improvements		17.682	14.404
Property, plant and equipment	9	101.404	99.814
Deposits		64.993	64.993
Fixed asset investments	10	64.993	64.993
Fixed assets		225.950	224.879
Inventories		3.992	3.796
Trade receivables		81.585	73.350
Receivables from group enterprises		8.574	4.603
Other receivables		8.080	7.090
Deferred tax asset		12.742	12.979
Prepayments		16.133	34.240
Receivables		127.114	132.262
Cash at bank and in hand		73.434	36.189
Currents assets		204.540	172.247
Assets		430.490	397.126

Balance Sheet 31 December 2017

Liabilities and equity

	Note	31.12.2017 TDKK	30.10.2017 TDKK
Share capital		1.000	1.000
Retained earnings		-6.238	6.054
Equity	11	-5.238	7.054
Lease obligations		4.462	4.946
Payables to group enterprises		181.618	180.519
Deposits		14.193	13.913
Long-term debt	12	200.273	199.378
Lease obligations	12	2.587	2.521
Prepayments received from customers		92.411	64.703
Trade payables		66.869	50.666
Deposits		13.620	11.178
Other payables		59.968	61.626
Short-term debt		235.455	190.694
Debt		435.728	390.072
Liabilities and equity		430.490	397.126
Going concern	1		
Subsequent events	15		
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
Accounting Policies	16		

Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 31 October at 31 October 2017	1.000	6.054	7.054
Net profit/loss for the year	0	-12.292	-12.292
Equity at 31 December 2017	1.000	-6.238	-5.238

Notes to the Financial Statements

1 Going concern

The Company's continued operations depend on that BCHG Holding A/S will not require the intercompany loan repaid during 2018. Therefore, the Company has received a letter of support from intermediate parent company BCHG Holding A/S. The letter is effective until 1 January 2019.

	31.10.2017 - 31.12.2017 TDKK	18.08.2016 - 30.10.2017 TDKK
2 Revenue		
Geographical segments		
Revenue, Denmark	143.386	941.803
	143.386	941.803
Business segments		
Hotel	53.721	405.172
Area & Entry	33.669	239.324
Technique & Services	18.624	89.448
Food & Beverage	37.372	207.859
	143.386	941.803
3 Staff expenses		
Wages and salaries	47.037	268.519
Pensions	4.125	20.846
Other social security expenses	879	5.561
Other staff expenses	5.540	19.785
	57.581	314.711
Including remuneration to the Board of Directors and Executive Board of:		
Board of Directors	15	89
Executive board	3.802	8.675
	3.817	8.764
Average number of employees	601	669

Notes to the Financial Statements

	31.10.2017 - 31.12.2017 TDKK	18.08.2016 - 30.10.2017 TDKK
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	519	3.158
Depreciation of property, plant and equipment	5.398	40.841
	5.917	43.999
5 Financial income		
Other financial income	16	152
	16	152
6 Financial expenses		
Interest paid to group enterprises	1.192	4.985
Other financial expenses	248	3.406
	1.440	8.391
7 Tax on profit/loss for the year		
Current tax for the year	-3.971	-4.603
Deferred tax for the year	236	3.278
	-3.735	-1.325

Notes to the Financial Statements

8 Intangible assets

	Goodwill TDKK
Cost at 31 October 2017	63.230
Cost at 31 December 2017	63.230
Impairment losses and amortisation at 31 October 2017	3.158
Amortisation for the period	519
Impairment losses and amortisation at 31 December 2017	3.677
Carrying amount at 31 December 2017	59.553
Amortised over	20 years

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK
Cost at 31 October 2017	117.829	17.046
Additions for the year	3.562	4.202
Disposals for the year	-2.778	-845
Cost at 31 December 2017	118.613	20.403
Cost at 31 October 2017	32.419	2.642
Depreciation for the year	4.875	523
Impairment and depreciation of sold assets for the year	-2.403	-444
Cost at 31 December 2017	34.891	2.721
Carrying amount at 31 December 2017	83.722	17.682

Notes to the Financial Statements

10 Fixed asset investments

	Deposits TDKK
Cost at 31 October 2017	64.993
Cost at 31 December 2017	64.993
Carrying amount at 31 December 2017	64.993

11 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:

	31.12.2017 TDKK	30.10.2017 TDKK
Share capital at 31 October 2017	1.000	500
Capital increase - contribution in kind	0	500
Share capital at 31 December 2017	1.000	1.000

12 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:

Lease obligations

After 5 years	60	73
Between 1 and 5 years	4.402	4.873
Long-term part	4.462	4.946
Within 1 year	2.587	2.521
	7.049	7.467

Payables to group enterprises

Between 1 and 5 years	181.618	180.519
Long-term part	181.618	180.519
Within 1 year	0	0
	181.618	180.519

Notes to the Financial Statements

12 Long-term debt (continued)

	31.12.2017	30.10.2017
	TDKK	TDKK
Deposits		
Between 1 and 5 years	14.193	13.913
Long-term part	14.193	13.913
Within 1 year	13.620	11.178
	27.813	25.091

13 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	176.518	176.578
Between 1 and 5 years	674.787	676.095
After 5 years	3.211.812	3.232.729
	4.063.117	4.085.402

Rent expenses charged to the income statement during the year	29.954	171.074
Lease expenses charged to the income statement during the year	200	1.159

Guarantee obligations

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

Other contingent liabilities

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.

Notes to the Financial Statements

14 Related parties

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

Basis

Controlling interest

BCHG Holding A/S

Lautrupsgade 7
2100 København Ø

Holding 100 % of the votes in the Company.

Transactions

The Company has had transactions related to intercompany payables. Balance is disclosed in note 12. Interests paid to group enterprises are disclosed in the income statement and note 6.

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

15 Subsequent events

On 28 March 2018 the Company received notification from the Parent Company BCHG Holding A/S that the Company will be relieved from the debt to the Parent Company. In case such relief was received 31 December 2017, the equity of the Company would have been TDKK 176,380 instead of negative TDKK 5,238.

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of BC Hospitality Group A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Financial Statements for 2017 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of BCHG Holding A/S, the Company has not prepared a cash flow statement.

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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

Information on 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.

Income Statement

Revenue

Revenue primarily consists of income from hotel rooms; conferences; rental income from booths; other rental income; income from setting up and arranging booths and meeting facilities; electricity, IT, tele and AV deliveries; services (parking, security, inspection of tickets etc.), as well as restaurant and catering services.

Revenue from sale of goods is recognised at the time of holding the event or meeting. Revenue from delivery of services is recognised at the rate of delivering the service. Revenue is determined less VAT, charges, payments to co-suppliers and discounts.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Notes to the Financial Statements

16 Accounting Policies (continued)

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

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, including gains and losses on the sale of intangible assets and property, plant and equipment.

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 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

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Notes to the Financial Statements

16 Accounting Policies (continued)

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings and operating equipment	3 -15 years
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Leasehold improvements are depreciated over 3-15 years or the remaining lease term if shorter than expected useful lives.

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Fixed asset investments

Fixed asset investments consist of deposits.

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

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.

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

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

Notes to the Financial Statements

16 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin

$$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

Solvency ratio

$$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$