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# ***BC Hospitality Group A/S***

Center Boulevard 5, DK-2300 København S

## **Annual Report for 1 January - 31 December 2018**

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CVR No 37 93 98 38

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
20/05 2019

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 BC Hospitality Group A/S for the financial year 1 January - 31 December 2018.

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 2018 of the Company and of the results of the Company operations for 2018.

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.

Copenhagen, 20 May 2019

### **Executive Board**

Allan Linneberg-Agerholm  
CEO

Pernille Damm Nielsen  
CFO

Christian Folden Lund  
CCO

### **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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of BC Hospitality Group A/S for the financial year 1 January - 31 December 2018, 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 misstate-

# Independent Auditor's Report

ment, 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 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

# Independent Auditor's Report

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, 20 May 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Torben Jensen  
State Authorized Public Accountant  
mne18651

Claus Carlsson  
State Authorized Public Accountant  
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: 1 January - 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  
Christian Folden Lund

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial Highlights

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

	2018 TDKK	2017** TDKK	2016* TDKK
<b>Key figures</b>			
<b>Profit/loss</b>			
Revenue	959,224	143,386	941,803
Gross profit/loss	378,053	49,694	357,723
Profit/loss before financial income and expenses	12,184	(14,603)	(3,548)
Net financials	(2,756)	(1,424)	(8,239)
Net profit/loss for the year	5,347	(12,292)	(10,462)
<b>Balance sheet</b>			
Balance sheet total	409,827	430,490	397,126
Equity	175,188	(5,238)	7,054
Investment in property, plant and equipment	61,322	7,764	34,978
Number of employees	740	772	669
<b>Ratios</b>			
Gross margin	39.4 %	34.7 %	38.0 %
Solvency ratio	42.7 %	(1.2)%	1.8 %
Return on equity	6.3 %	(1,353.7)%	(296.6)%

For definitions of ratios, 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 2018 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 third financial year for the Company, and the financial period covers 12 months of operation, whereas the second financial year covered 2 months of operation.

The Annual Report has been prepared under the same accounting policies as last year.

### Key activities

The Company's primary activity is activities within the hospitality area.

BC Hospitality Group A/S operates; Copenhagen Marriott, AC Hotel Bella Sky Copenhagen and Bella Center Copenhagen directly, and Crowne Plaza Copenhagen Tower through a management agreement.

### Development in the year

In 2018, the BC Hospitality group reinforced its business and achieved top-line growth and a satisfactory result with revenues of DKK 959.2 million. The company consolidated the turnaround which began back in 2014, and further affirmed its position as a leading hospitality operator in Northern Europe. In 2018, 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, ensure the company is well consolidated and ready for further expansion within the hospitality area.

### Results for the year

Gross profit was positive at DKK 378.1 million for 2018, not comparable with gross profit of DKK 49.7 million in 2017 with only 2 months of activity. Consolidated revenue amounted to DKK 959.2 million for 2018 not comparable to DKK 143.4 million for 2017 with only two months of activity.

The positive operating figures for the year are primarily due to a stable hotel business 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 continued to realize solid synergies in the support and back-office functions, and the shared services contribute positively by enhancing guests' and customers' service experience.

The BC Hospitality group also operate Crowne Plaza Copenhagen Towers; including this revenue, consolidated revenue totalled DKK 1,132.5 million for 2018 compared to DKK 1,118.6 million in 2017.

# Management's Review

## Hosting Moments That Matter

Being a leader in the Danish hospitality industry, BC Hospitality Group is strongly committed and obligated to operate with ongoing focus on creating outstanding guest experiences based on the core values: Mutual Respect, Winning Spirit, Service Heroes and Responsible Hospitality - all encapsulated in Hosting Moments That Matters.

The business is developed within four focus areas: Focus on customers, improve financials and administration, live out responsible hospitality and enhance our team.

In total, BC Hospitality group welcomed app. 1.2 million guests in 2018, app. 600,000 of whom stayed at the hotels.

Guest satisfaction at the group's three hotels is once again emphasised with excellent rankings on the TripAdvisor Top, Crowne Plaza Copenhagen Tower and Copenhagen Marriott Hotel in top 15 and AC Hotel Bella Sky Copenhagen in top 30 (among 124 Copenhagen hotels).

Similar to previous years, BC Hospitality Group participated in the "Great Place to Work" initiative in 2018. The results and response rates covering the trust index are very positive and speak for themselves. The Trust Index Target for Bella Center Copenhagen for 2018 was 80%. The actual result was 84% and compared to 75% in 2017 it is a significant increase in only two years. The average Trust Index Target for the hotels was 85%, actual result for 2018 is 86.7%. A promising and bright trend compared to fact that the average result for the hotels was slightly above 80% in 2017.

## Awards and nominations

2018 turned out to be a very rewarding year in terms of awards and nominations. Every time our organisation is acknowledged or awarded for its practices or performance, we are grateful and humble. The awards are as diverse as our business and an excellent mirror of our activities. AC Hotel Bella Sky was awarded Best Hotel in Copenhagen at Danish Travel Awards 2018 – the second consecutive year a hotel in the Group received the recognition.

Furthermore BC Hospitality Group was awarded with "ISS Diversity Prize - significant diversity" and "Copenhagen Business Award – Environment and Social Responsibility" as examples on top of several nominations we are also very proud to be awarded as "Travellers' Choice Award" (Tripadvisor) applying for both Crowne Plaza Copenhagen Towers and Copenhagen Marriott Hotel.

# Management's Review

## *Investments and divestments*

In May 2018 the largest strategic investment in Bella Center Copenhagen, since the move from Bellahøj to Ørestad in 1975 was announced as the coming years will see 14,000 new square meters being added to the Bella Center. Construction is about to commence of a new 7,000 m<sup>2</sup> Multi Purpose Arena and Congress Hall supported by a further 7,000 m<sup>2</sup> supporting area, which will support Copenhagen to continue to be a World leading congress destination.

The Multi Purpose Arena will also ensure BC Hospitality Group can continue to host large and diverse events which was previously hosted in Forum under a lease agreement which expired end of March 2019. Hilton is returning to Copenhagen with a prominent quayside location in the center of Copenhagen and run by BC Hospitality Group under a long-term lease agreement with ATP Ejendomme. The new upscale Copenhagen hotel landmark situated in Christianshavn will be named "Hilton Copenhagen City Centre". The new hotel will accommodate 394 bedrooms of international top standard, 2 restaurants with bars and 6 meeting rooms of various sizes with scheduled opening in June 2021.

The "Sky Bar" on top of AC Hotel Bella Sky Copenhagen was closed in January 2018 and re-emerged in August 2018 after an extensive reconstruction as the cool Japanese restaurant and bar - SUKAIBA. SUKAIBA is a high end Japanese restaurant using predominantly local produced ingredients and with a high emphasis on sustainability. The reception of the new hot spot in Copenhagen was overwhelming both from the audience and the food critics.

Copenhagen Marriott Hotel's luxury suite underwent a transformation into "Royal Suite" an outstanding hotel Suite and Venue for cultural events and dinners, showcasing the absolute supreme within Danish and foreign design.

Times have changed which also applies for the concert venues in Copenhagen. Forum no longer lived up to the high standards and requirements expected from a modern and up-to-date concert and exhibition venue. New high quality venues have emerged and it was thus decided to terminate the lease agreement which expired end of March 2019.

# Management's Review

## *Focus on sustainability*

2018 was a very satisfactory year with impressive engagement from our team members and partners. Some of the year's highlights include reducing our energy usage at Bella Center Copenhagen by no less than 31% in just two years. Launching a new school partnership to inspire and educate local youths about the exciting opportunities a career in hospitality can bring – an initiative we are very proud of.

In 2019, Responsible Hospitality efforts are equally important as in the previous years. Particular focus areas will include waste production and management while also making further improvements in our supply chain and job creation in our local community.

As important players in the hospitality sectors, we can all contribute with our individual share. However, it is when we come together in strategic partnerships that we really have an impact.

Responsible Hospitality is a key driver for our business, so we need to align our priorities with our stakeholders and face sustainability challenges head-on. Together, we consult and determine the issues that are most relevant to them and to us. An analysis of material topics helps us navigate to where we can make the greatest positive impact. On the basis of stakeholder dialogue and business importance, our key activities the next few years will include: Youth education, job creation among the long-term unemployed, re-thinking biodiversity and climate in food servings, waste management, including plastic and food waste.

Our Responsible Hospitality Report 2018 is included summarizing all activity and initiatives in 2018, and is available at [www.responsiblehospitality.dk](http://www.responsiblehospitality.dk)

## **Outlook**

The hotel capacity in Copenhagen is set to increase by app. 8,000 bedrooms or app. 50% during 2018 to 2022. Whereas this is likely to put some short-term pressure on the group's hotel business, it is at the same time an opportunity to open Copenhagen up to new international congress business, which historically has been too large for Copenhagen.

Timing for the investment in the new Multi Purpose Area is therefore perfect as it will be ready when the new hotel capacity is opening up.

2019 and 2020 is forecasting to be relatively low congress years for Bella Center and therefore also Copenhagen, but the active pipeline for the years thereafter is very strong.

BC Hospitality Group will continue its focus on growing existing and new business areas.

Special focus areas are CIFF (Copenhagen International Fashion Fair) which has seen significant growth and consolidation over the past 3-4 years; BITE – the International Food Fair in co-operation with the Danish Ministry of Food. In 2019, the Danish Bocuse d'Or contest to find next year's Danish contender for the International Bocuse d'Or will take place at BITE, further strengthening BITE's position.

Finally, during summer 2019 we will see the roll-out of the group's new back office Project and Process IT platform. Having been 3 years under development, the new IT tool is set to transform the internal and external work processes, setting BC Hospitality Group apart from its peers and competitors.

Based on the above as well as the annual results, the Company's expected EBITDAR for 2019 is at the same level as realised for the calendar year 2018.

# Management's Review

## Statement of corporate social responsibility

As regards the statement of corporate social responsibility by section 99a of the Danish Financial Statements Act, reference is made to the intermediate parent company BCHG Holding A/S's Annual Report for 2018 and to the above-mentioned CSR report "Responsible Hospitality Report 2018". The report is also available at [www.responsiblehospitality.dk](http://www.responsiblehospitality.dk)

## 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 levels 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.

## Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any judgement with significant uncertainty, see also note 2.

## Unusual events

The financial position at 31 December 2018 of the Company and the results of the activities of the Company for the financial year for 2018 have not been affected by any unusual events.

## 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 2018

	<u>Note</u>	1 January - 31 December 2018 <u>TDKK</u>	31 October - 31 December 2017 <u>TDKK</u>
<b>Revenue</b>	1	<b>959,224</b>	<b>143,386</b>
Cost of goods sold		(166,660)	(30,202)
Other external expenses		<u>(414,511)</u>	<u>(63,490)</u>
<b>Gross profit/loss</b>		<b>378,053</b>	<b>49,694</b>
Staff expenses	2	(326,329)	(57,581)
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	(39,515)	(5,917)
Other operating expenses		<u>(25)</u>	<u>(799)</u>
<b>Profit/loss before financial income and expenses</b>		<b>12,184</b>	<b>(14,603)</b>
Financial income	4	910	16
Financial expenses	5	<u>(3,666)</u>	<u>(1,440)</u>
<b>Profit/loss before tax</b>		<b>9,428</b>	<b>(16,027)</b>
Tax on profit/loss for the year	6	<u>(4,081)</u>	<u>3,735</u>
<b>Net profit/loss for the year</b>		<b><u>5,347</u></b>	<b><u>(12,292)</u></b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings	<u>5,347</u>	<u>(12,292)</u>
	<b><u>5,347</u></b>	<b><u>(12,292)</u></b>

## Balance Sheet 31 December 2018

### Assets

	Note	2018 TDKK	2017 TDKK
Goodwill		56,504	59,553
<b>Intangible assets</b>	7	<b>56,504</b>	<b>59,553</b>
Other fixtures and fittings, tools and equipment		90,032	83,722
Leasehold improvements		34,899	17,682
<b>Property, plant and equipment</b>	8	<b>124,931</b>	<b>101,404</b>
Investments in subsidiaries	9	50	0
Deposits	10	65,827	64,993
<b>Fixed asset investments</b>		<b>65,877</b>	<b>64,993</b>
<b>Fixed assets</b>		<b>247,312</b>	<b>225,950</b>
<b>Inventories</b>		<b>5,114</b>	<b>3,992</b>
Trade receivables		71,216	81,585
Receivables from group enterprises		18,943	8,574
Other receivables		10,736	8,080
Deferred tax asset		6,612	12,742
Prepayments		13,387	16,133
<b>Receivables</b>		<b>120,894</b>	<b>127,114</b>
<b>Cash at bank and in hand</b>		<b>36,507</b>	<b>73,434</b>
<b>Currents assets</b>		<b>162,515</b>	<b>204,540</b>
<b>Assets</b>		<b>409,827</b>	<b>430,490</b>

# Balance Sheet 31 December 2018

## Liabilities and equity

	Note	2018 TDKK	2017 TDKK
Share capital		1,000	1,000
Retained earnings		174,188	(6,238)
<b>Equity</b>	11	<b>175,188</b>	<b>(5,238)</b>
Lease obligations		2,417	4,462
Payables to group enterprises		0	181,618
Deposits		14,532	14,193
<b>Long-term debt</b>	12	<b>16,949</b>	<b>200,273</b>
Lease obligations	12	2,531	2,587
Prepayments received from customers		78,537	92,411
Trade payables		73,282	66,869
Deposits		11,608	13,620
Other payables		51,732	59,968
<b>Short-term debt</b>		<b>217,690</b>	<b>235,455</b>
<b>Debt</b>		<b>234,639</b>	<b>435,728</b>
<b>Liabilities and equity</b>		<b>409,827</b>	<b>430,490</b>
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
Accounting Policies	15		



## Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	1,000	(6,238)	(5,238)
Contribution from group	0	175,079	175,079
Net profit/loss for the year	0	5,347	5,347
<b>Equity at 31 December 2018</b>	<b>1,000</b>	<b>174,188</b>	<b>175,188</b>

# Notes to the Financial Statements

	1 January - 31 December 2018 <u>TDKK</u>	31 October - 31 December 2017 <u>TDKK</u>
<b>1 Revenue</b>		
<b>Geographical segments</b>		
Revenue, Denmark	959,224	143,386
	<b>959,224</b>	<b>143,386</b>
<b>Business segments</b>		
Hotel	398,901	53,721
Area & Entry	252,656	33,669
Technique & Services	110,081	18,624
Food & Beverage	197,586	37,372
	<b>959,224</b>	<b>143,386</b>
<b>2 Staff expenses</b>		
Wages and salaries	285,472	47,037
Pensions	23,705	4,125
Other social security expenses	5,722	879
Other staff expenses	11,430	5,540
	<b>326,329</b>	<b>57,581</b>
Including remuneration to the Executive Board and Board of Directors of:		
Board of Directors	90	15
Executive Board	8,733	3,802
	<b>8,823</b>	<b>3,817</b>
<b>Average number of employees</b>	<b>740</b>	<b>772</b>

## Notes to the Financial Statements

	1 January - 31 December 2018 <u>TDKK</u>	31 October - 31 December 2017 <u>TDKK</u>
<b>3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	3,050	519
Depreciation of property, plant and equipment	<u>36,465</u>	<u>5,398</u>
	<b><u>39,515</u></b>	<b><u>5,917</u></b>
<b>4 Financial income</b>		
Other financial income	<u>910</u>	<u>16</u>
	<b><u>910</u></b>	<b><u>16</u></b>
<b>5 Financial expenses</b>		
Interest paid to group enterprises	1,509	1,192
Other financial expenses	<u>2,157</u>	<u>248</u>
	<b><u>3,666</u></b>	<b><u>1,440</u></b>
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	(2,051)	(3,971)
Deferred tax for the year	4,721	236
Adjustment of deferred tax concerning previous years	<u>1,411</u>	<u>0</u>
	<b><u>4,081</u></b>	<b><u>(3,735)</u></b>

## Notes to the Financial Statements

### 7 Intangible assets

	Goodwill TDKK
Cost at 1 January	63,230
Cost at 31 December 2018	63,230
Impairment losses and amortisation at 1 January	3,676
Amortisation for the period	3,050
Impairment losses and amortisation at 31 December 2018	6,726
<b>Carrying amount at 31 December 2018</b>	<b>56,504</b>
Amortised over	20 years

### 8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK
Cost at 1 January	118,613	20,403
Additions for the year	39,943	21,379
Disposals for the year	(19,147)	(989)
Cost at 31 December 2018	139,409	40,793
Cost at 1 January	34,891	2,721
Depreciation for the year	33,243	3,222
Impairment and depreciation of sold assets for the year	(18,757)	(49)
Cost at 31 December 2018	49,377	5,894
<b>Carrying amount at 31 December 2018</b>	<b>90,032</b>	<b>34,899</b>

## Notes to the Financial Statements

	2018 TDKK	2017 TDKK
<b>9 Investments in subsidiaries</b>		
Cost at 1 January	0	0
Additions for the year	50	0
<b>Carrying amount at 31 December 2018</b>	<b>50</b>	<b>0</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
BCHG SPV ApS	Copenhagen	50.000	100 %	32,050	(17,950)

### 10 Other fixed asset investments

	Deposits TDKK
Cost at 1 January	64,993
Additions for the period	834
Cost at 31 December 2018	65,827
<b>Carrying amount at 31 December 2018</b>	<b>65,827</b>

### 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:

	2018 TDKK	2017 TDKK	2016 TDKK
Share capital at 1 January	1,000	1,000	500
Capital increase	0	0	500
Capital decrease	0	0	0
<b>Share capital at 31 December 2018</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

# Notes to the Financial Statements

## 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:

	2018 TDKK	2017 TDKK
<b>Lease obligations</b>		
After 5 years	0	60
Between 1 and 5 years	2,417	4,402
Long-term part	2,417	4,462
Within 1 year	2,531	2,587
	<b>4,948</b>	<b>7,049</b>
<b>Payables to group enterprises</b>		
Between 1 and 5 years	0	181,618
Long-term part	0	181,618
Within 1 year	0	0
	<b>0</b>	<b>181,618</b>
<b>Deposits</b>		
Between 1 and 5 years	14,532	14,193
Long-term part	14,532	14,193
Within 1 year	11,608	13,620
	<b>26,140</b>	<b>27,813</b>

## 13 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	177,724	176,518
Between 1 and 5 years	694,936	674,787
After 5 years	3,007,608	3,211,812
	<b>3,880,268</b>	<b>4,063,117</b>

# Notes to the Financial Statements

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

### 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 2018. The total amount is disclosed in the Annual Report of Solstra Investments A/S, which is the administration company for joint taxation purposes.

The Company has the obligation to perform maintenance of rented hotel buildings, both interior and exterior. There is the risk that one of the hotel buildings may require replacement of part of the facade. For the time being, it is not possible to evaluate and conclude the extent of the replacement. The Company expects that the main contractor will cover expenses related to the replacement.

# 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

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#### Controlling interest

ALFI Mark Trust, Liechtenstein	Ultimate parent company
Makerina Investments Ltd., Cyprus	Intermediate parent company
Solstra Holdings Cyprus Ltd., Cyprus	Intermediate parent company
Solsta 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

#### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

The Company has had transactions related to intercompany payables and management fees. 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 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

## 15 Accounting Policies

The Annual Report of BC Hospitality Group A/S for 2018 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 2018 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

## 15 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.

### Cost of goods sold

Cost of goods sold 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

## 15 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

## 15 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 13,500 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.

### Other fixed asset investments

Other fixed asset investments consist of deposits.

### 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.

### 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

## 15 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

## 15 Accounting Policies (continued)

### Financial Highlights

#### Explanation of financial ratios

Gross margin

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

Solvency ratio

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

Return on equity

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