

A&O Hotel and Hostel Copenhagen ApS

Tagensvej 135, 2200 Copenhagen N

Company reg. no. 37 94 03 48

Annual report

16 August 2016 - 31 December 2017

The annual report have been submitted and approved by the general meeting on the 20 July 2018.

Oliver Winter
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The executive board has today presented the annual report of A&O Hotel and Hostel Copenhagen ApS for the financial year 16 August 2016 to 31 December 2017.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities in the financial year 16 August 2016 to 31 December 2017.

The executive board considers the requirements of omission of audit of the annual accounts for 2016/17 as met.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen N, 5 July 2018

Executive board

Oliver Winter

Kasper Rønnow

Auditor's report on compilation of the annual accounts

To the shareholders of A&O Hotel and Hostel Copenhagen ApS

We have compiled the annual accounts of A&O Hotel and Hostel Copenhagen ApS for the period 16 August 2016 to 31 December 2017 based on the bookkeeping of the company and on further information you have provided.

The annual accounts comprise the accounting policies used, profit and loss account, balance sheet and notes.

We performed this engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our professional expertise to assist you in the preparation and presentation of the annual accounts in accordance with the Danish Financial Statements Act. We have complied with relevant requirements of the Danish Act on Approved Auditors and Audit Firms and with ethical requirements of the Danish Institute of State Authorised Public Accountants, including principles of integrity, objectivity, professional competence and due care.

The annual accounts and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the annual accounts. Accordingly, we do not express an audit opinion or a review conclusion on whether the annual accounts are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 5 July 2018

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Steen K. Bager

State Authorised Public Accountant
MNE-nr. 28679

Company data

The company

A&O Hotel and Hostel Copenhagen ApS
Tagensvej 135
2200 Copenhagen N

Company reg. no. 37 94 03 48
Financial year: 16 August - 31 December

Executive board

Oliver Winter
Kasper Rønnow

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Management's review

The principal activities of the company

The purpose of the company is to drive hotel operations, and any other related business.

Development in activities and financial matters

The gross loss for the year is DKK -1.115.000. The results from ordinary activities after tax are DKK -4.878.000. The management consider the results satisfactory.

The company has lost all of its capital. It's the company's first financial year in which there has been many costs relating to the start-up. It's assessed that the company will generate positive operations forward and thus restore equity within a few years.

Profit and loss account

All amounts in DKK.

<u>Note</u>	16/8 2016 - 31/12 2017
Gross loss	-1.115.266
2 Staff costs	-2.947.340
Depreciation and writedown relating to tangible fixed assets	-1.197.326
Other operating costs	-739.242
Operating profit	-5.999.174
Other financial income	5.503
Other financial costs	-255.955
Results before tax	-6.249.626
3 Tax on ordinary results	1.372.000
Results for the year	-4.877.626
 Proposed distribution of the results:	
Allocated from results brought forward	-4.877.626
Distribution in total	-4.877.626

Balance sheet

All amounts in DKK.

Assets

<u>Note</u>	<u>31/12 2017</u>
Fixed assets	
4 Other plants, operating assets, and fixtures and furniture	3.433.471
5 Decoration rented premises	20.383.650
Tangible fixed assets in total	<u>23.817.121</u>
Fixed assets in total	<u>23.817.121</u>
Current assets	
Amounts owed by group enterprises	2.982.495
Deferred tax assets	1.372.000
Other debtors	8.339.883
Accrued expenses	14.300
Debtors in total	<u>12.708.678</u>
Available funds	<u>1.524.266</u>
Current assets in total	<u>14.232.944</u>
Assets in total	<u>38.050.065</u>

Balance sheet

All amounts in DKK.

Equity and liabilities		
<u>Note</u>		<u>31/12 2017</u>
Equity		
6	Contributed capital	50.000
7	Results brought forward	<u>-4.877.626</u>
	Equity in total	<u>-4.827.626</u>
Liabilities		
	Accrued expenses	<u>6.372.322</u>
	Long-term liabilities in total	<u>6.372.322</u>
	Money in Transit	42.750
	Deferred income	1.138.864
	Trade creditors	1.210.588
	Debt to group enterprises	33.071.031
	Other debts	<u>1.042.136</u>
	Short-term liabilities in total	<u>36.505.369</u>
	Liabilities in total	<u>42.877.691</u>
	Equity and liabilities in total	<u>38.050.065</u>

1 Capital loss

Notes

All amounts in DKK.

1. Capital loss

The company has lost all of its capital. It's the company's first financial year in which there has been many costs relating to the start-up. It's assessed that the company will generate positive operations forward and thus restore equity within a few years.

16/8 2016
- 31/12 2017

2. Staff costs

Salaries and wages	2.890.493
Other costs for social security	56.847
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	2.947.340

Average number of employees	9
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3. Tax on ordinary results

Adjustment for the year of deferred tax	-1.372.000
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	-1.372.000

31/12 2017

4. Other plants, operating assets, and fixtures and furniture

Additions during the year	4.100.631
	<hr/>
Cost 31 December 2017	4.100.631

Depreciation for the year	-667.160
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Amortisation and writedown 31 December 2017	-667.160
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Book value 31 December 2017	3.433.471
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Notes

All amounts in DKK.

	<u>31/12 2017</u>
5. Decoration rented premises	
Additions during the year	<u>20.913.816</u>
Cost 31 December 2017	<u>20.913.816</u>
Depreciation for the year	<u>-530.166</u>
Depreciation and writedown 31 December 2017	<u>-530.166</u>
Book value 31 December 2017	<u>20.383.650</u>

Notes

All amounts in DKK.

	<u>31/12 2017</u>
6. Contributed capital	
Contributed capital 16 August 2016	<u>50.000</u>
	<u>50.000</u>
7. Results brought forward	
Profit or loss for the year brought forward	<u>-4.877.626</u>
	<u>-4.877.626</u>

Accounting policies used

The annual report for A&O Hotel and Hostel Copenhagen ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

Accounting policies used

The profit and loss account

Gross loss

The gross loss comprises the net turnover, operating expenses and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Operating expenses includes costs for the purchase of expenses less discounts related to the operating.

Other external costs comprise costs for, sales, advertisement, administration and premises.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

Accounting policies used

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	<i>Useful life</i>	<i>Residual value</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>	<i>0-20 %</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Decoration of rented premises

Decoration of rented premises are measured at cost with deduction of accrued depreciation. Depreciation takes place on a straight-line basis over the estimated useful life of the asset, which is set at 30 years.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued expenses

Accrued expenses recognised under assets comprise incurred costs concerning the next financial year.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Accounting policies used

Deferred tax assets, including the tax value of tax losses eligible for carry over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Received payments concerning income during the following years are recognised under deferred income.